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What Happens Next?

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February 10, 1958

RAILWAY AGE *weekly*

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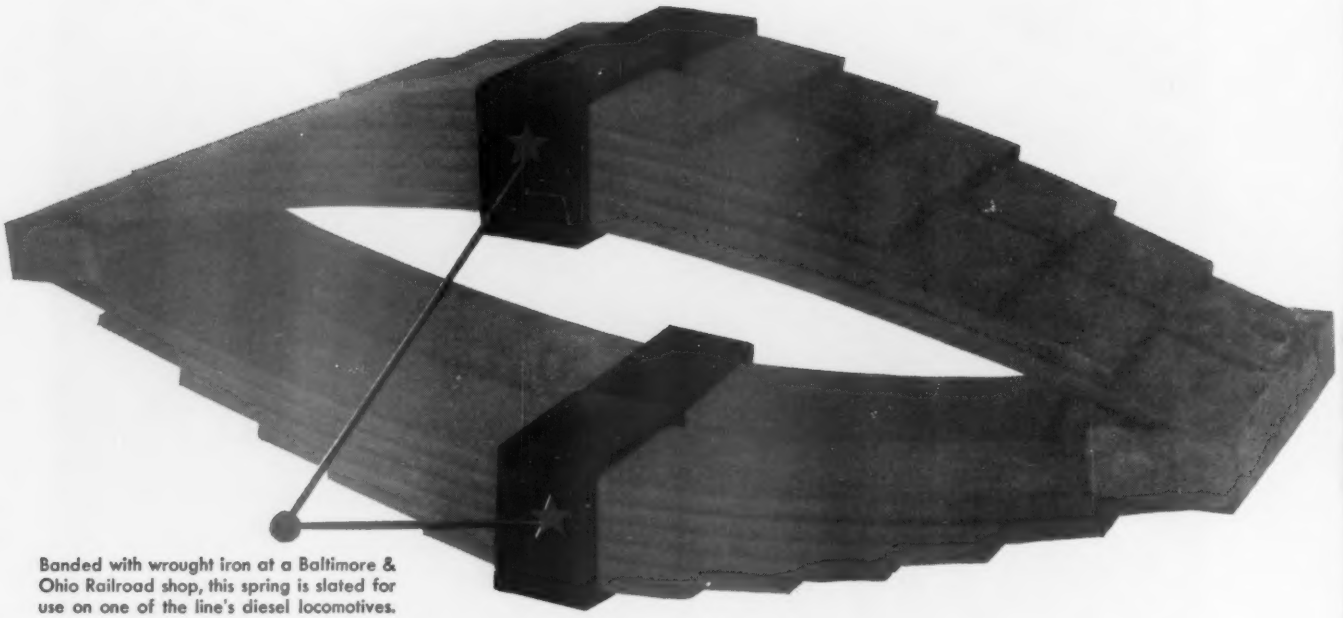

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RAILWAY AGE *weekly* February 10, 1958 • Vol. 144, No. 6

Week at a Glance

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Canada's firemen will fight 'exile' p.9

The threat of another crippling railway strike made its ominous appearance in Canada last week. A Royal Commission has ruled that the Canadian Pacific doesn't have to put firemen aboard yard and road freight diesels. The BLF&E has rejected the report. U.S. railroads are paying close attention to developments.

Carloading rise seen on the way p.12

Industrial traffic managers say an upward turn in railroad freight business is likely to come later this year. They attribute recent traffic losses primarily to increased rates and general business conditions.

Truckers to fight railroad proposals p.13

The second series of Senate hearings on the "deteriorating railroad situation" opens February 17 to hear motor-carrier representatives. The American Trucking Associations is expected to slam hard at the railroads' freedom program. That program would permit railroads to make competitive rates and remove restrictions on railroad operation of other forms of transportation.

Freight rates—Is the 'hump' misplaced? p.16

There's a dislocation in the rail rate structure—right where it hurts most. That's where the heaviest traffic is available. Rates are too high on distances up to 600 miles on some commodities, at least. And they're lower than is necessary for some long-haul traffic.

'I've run into a stone wall on taxes' p.18

That's what a Railway Age writer reported when he tried to write a story on the continuing outrage of inequitable taxes on railroads. Who erected the story barrier? The railroads themselves.

What about private leasing plans? p.22

Railroads, like other industries, are short on cash today. Yet, there's an admitted need for expanded, modernized car fleets. Equipment leases offer a possible solution.

Does electrification have a future--for you? p.28

Some authorities are certain it may—given proper conditions. Here's a way to test the merits of a possible switch to electrified operation on your railroad. Size up the difference in investment and operating costs, diesel vs. electric.

CTC quickens L&N coal line pace p.30

With an important two-track coal line busy only about a third

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Week at a Glance CONT.

Current Statistics

Operating revenues, eleven months	
1957	$9,666,631,198
1956	9,674,662,959
Operating expenses, eleven months	
1957	$7,543,886,467
1956	7,413,175,457
Taxes, eleven months	
1957	$1,011,020,756
1956	1,046,585,941
Net railway operating income, eleven months	
1957	$863,352,199
1956	984,434,802
Net income estimated, eleven months	
1957	$661,000,000
1956	784,000,000
Average price 20 railroad stocks	
February 4, 1958	73.35
February 5, 1957	91.86
Carloadings revenue freight	
Four weeks, 1958	2,164,213
Four weeks, 1957	2,564,981
Average daily freight car surplus	
Wk. ended Feb. 1, 1958	106,176
Wk. ended Feb. 2, 1957	10,405
Average daily freight car shortage	
Wk. ended Feb. 1, 1958	35
Wk. ended Feb. 2, 1957	2,608
Freight cars on order	
January 1, 1958	55,941
January 1, 1957	117,257
Freight cars delivered	
Twelve months, 1957	99,290
Twelve months, 1956	67,080

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of the time, the L&N decided to go to single track. Net cost of the job came to less than $28,000 with annual operating costs cut by more than $170,000.

The Action Page—It's time to end this inequity.....p.46

What logic supports the policy of providing costly air terminals at public expense while railroads pay for their own facilities? The same question applies to tax levies—and exemptions. The public interest in continued railroad transportation must be protected.

Short and Significant

ICC rules for separating expenses . . .

between freight and passenger service are "adequate for the purpose for which they are intended," the commission has found. Because the rules thus "require no modification," the commission has discontinued the investigation wherein it had revision under consideration. This is without prejudice to any different findings reached in the commission's passenger deficit investigation, still under way.

Great Lakes fishyback . . .

is slated for test this spring between Duluth, Minn., and Buffalo, N.Y. Business men in Duluth are backing the idea. Truck trailers will move on decks of ore and grain vessels restoring package freight service on the lakes for the first time since World War II.

Wage dispute between Canadian railways . . .

and their non-operating employees may take longer to settle than had been anticipated. Judge Charles P. McTague, chairman of the conciliation board dealing with the problem, has resigned. His action stemmed from union protests that he was a board member of "too many" large corporations. Federal Labor Minister Michael Starr has promised to get a new chairman soon.

More supplier diversification . . .

Aluminum girders for a new highway bridge in Iowa will be fabricated by Pullman-Standard at its Chicago plant. More job-shop work in fabricating aluminum, steel or tin components may be in the offing for P-S, as the company continues to diversify operations into non-rail fields.

"Successful LCL service . . .

doesn't depend on any one railroad, but on the unity of all railroads." That's what H. A. Rice, assistant traffic manager, J. C. Penney Company, and retiring chairman of the Atlantic States Shippers Advisory Board's LCL Committee, told his board recently. Mr. Rice also urged railroads "not to cut down on service during this critical period. It won't last long," he said, "and when it's over the customer you help today will be giving you traffic tomorrow."

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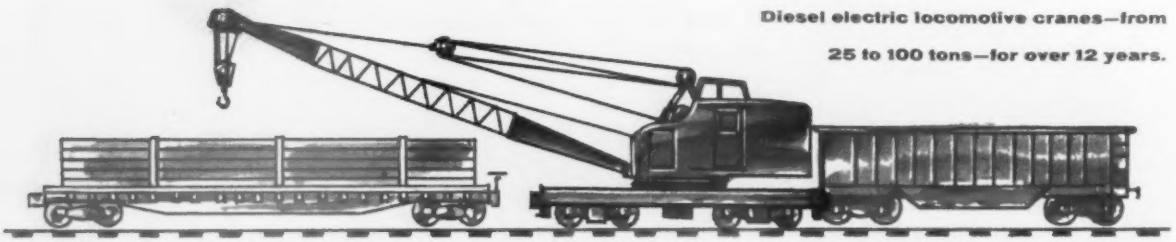

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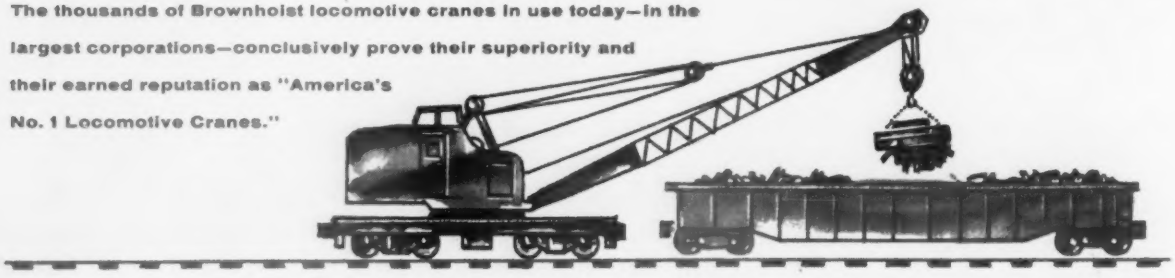

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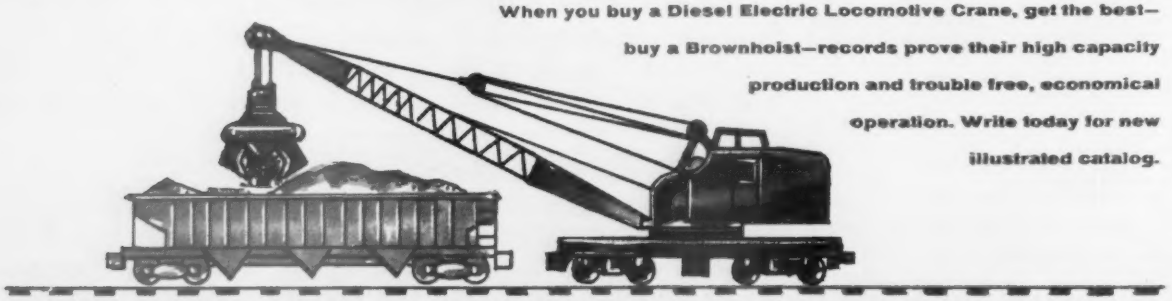

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RAILWAY AGE
The Industry's Newsweekly

Canada's Firemen Will Fight 'Exile'

A Royal Commission has ruled that the CPR doesn't have to put firemen aboard yard and road freight diesels—but the BLF&E has raised its battle flags and is already talking "strike."

The threat of another crippling railway strike hung over Canada last week.

The CPR and the Brotherhood of Locomotive Firemen & Enginemen squared off for what could be the decisive battle in a two-year-old war over one of the touchiest questions on the railroad labor scene today:

Does a railroad have to pay firemen to "go along for the ride" in the cabs of its yard and road freight diesels?

Last week a Canadian Royal Commission, appointed to explore the troublesome question in the wake of a costly BLF&E strike that idled 70,000 CPR employees for nine days early last year, gave its long-awaited answer. It was a flat "No"—and it was heard around the railroading world.

It remained to be seen whether the commission's report, upholding the CPR's contention that firemen can be costly anachronisms in an era of dieselization, represented a major breakthrough on the "featherbedding" front. Everybody agreed that more was at stake than the future of the CPR's firemen.

One labor leader gloomily said: "As Canada goes, so goes the U.S. If the CPR wins this one, no work rule will be safe."

"We couldn't have asked for more," said S. M. Gossage, the CPR's manager of labor relations, as he thumbed through the 38-page report. "The recommendations of the commission have completely sustained and enormously strengthened the position of the company."

Having gone this far, would the CPR back down under the threat of another strike? "The CPR," replied Mr. Gossage, "has no intention of giving up on a battle that it has already won to the extent of this one."

While the CPR hailed its victory, the union was preparing to go into battle. W. E. Gamble, senior vice-president of the BLF&E in Canada, flatly rejected the commission's report within hours after it was delivered to his desk. He predicted the impasse would resolve itself in another strike after the union's current CPR contract expires May 31.

Specifically, the Royal Commission found that the CPR was justified in attempting to banish firemen-helpers from yard and road freight diesel cabs.

"Their functions have either totally disappeared, as in the case of the production of power, mechanical assistance and inspection, or are a mere duplication of what is discharged by another or others, as in the case of the lookout functions performed by the head-end trainman and the engineman."

The commission also gave its blessing to the CPR's plan for taking care of its 2,478 freight and yard service firemen during the changeover. Under the plan, 1,900 firemen with five years service will continue in their jobs with full seniority rights. Another 477 with two to five years service will be offered available work as trainmen or yardmen. The remaining 100 with less than two years service will get priority for other CPR jobs.

This security plan for the firemen will cost the CPR some $38,000,000. But the railroad estimates that by easing firemen out of freight and yard diesel cabs, it will eventually save $11,500,000 a year.

For the CPR, all news in the commission's little blue booklet was good. On a third question, the commission recommended that the railroad drop its mountain differential for firemen, substitute instead the lower valley differential. It also recommended that "arbitraries" be dropped. The "arbitraries" are agreements under which firemen are paid for certain periods of time—e.g., locomotive inspection—not actually spent in yard or road service.

Although the Royal Commission carries immense prestige, its findings are not binding on either party. It was originally agreed the findings would be used only as a basis for further negotiations. What the report can do is strengthen the railroad's position with the public, which has already been leaning strongly toward the CPR.

The BLF&E's Gamble said his policy subcommittee—consisting of himself, one general brotherhood chairman from the

PICKETS MAY FORM the BLF&E's next line of defense in the battle to keep firemen riding in the Canadian Pacific's diesel cabs. A strike vote could come May 31.

CPR and three general chairmen from the CNR—would meet in Montreal this week to decide on a course of action. He predicted the union will shortly reopen negotiations with the CPR, as previously agreed, in light of the commission's findings. But he said he expected the negotiations to accomplish little.

"It looks very serious. I don't see any hope of a compromise," said Mr. Gamble. "We're certainly not going to retreat from our position. I'm quite sure the members will not accept the commission's recommendations—and if it's put to a strike vote, I have no doubt what the results will be."

Before the membership can vote on a strike, the dispute, under Canadian law, will go before a conciliation board. Mr. Gamble pointed out that the conciliation board can be gotten "out of the way" by the time the union's contract expires May 31.

The CNR served notice that it would revive the firemen-in-diesel issue in its own negotiations with the union, which reopened last week.

The CNR had backed down on the issue two years ago, on the grounds that it did not have sufficient evidence at the time to press its case. Now, said CNR Vice-President of Personnel W. T. Wilson, "It is our intention that the agreement be renegotiated so as to give the company the right to assign firemen at its sole discretion on other than steam power. The findings of the Royal Commission will, of course, influence directly the company's position on the negotiations."

Mr. Gamble said he expected solid labor support in his fight because, as he saw it, a management breakthrough on the firemen issue would pose a threat to all railway labor.

In Cleveland, Chief Engineer Guy Brown of the Brotherhood of Locomotive Engineers expressed concern over the commission's report. He said he was not primarily concerned about the loss of jobs—"I have long advocated that everybody in the railroad industry take a careful look at obsolete work rules"—but he believed it "imperative" that firemen be retained (1) in the interests of public safety and (2) to provide a ready pool of engineer understudies. Would he support the firemen in a strike? "We will always help railway labor in anything that seems reasonable," said Mr. Brown.

Meanwhile, U.S. roads watched the events in Canada with considerably more than cursory interest. Like the CNR, they staged a tactical retreat on the issue two years ago, were rewarded with a three-year peace pact. But it's no secret that U.S. roads have long felt employment of firemen should be a management decision. What happens in Canada may have a direct bearing on their own position when they reopen negotiations with the firemen in 1959.

In Washington, J. M. Hood, president of the American Short Line Railroad Association, hailed the report as a healthy sign for the railroads. "It is in line," he said, "with the absolute need of the industry if it is going to compete successfully for shippers' business. Management alone in its own interest can decide when a second man is needed on an engine. It should not be hampered by agreements obtained in part at least by coercion requiring unnecessary payments for labor."

One top U.S. railroad officer called the commission's report a "common-sense decision." He said the report "plus a recent statement to his membership by Chief Engineer Guy Brown, plus a recent voluntary action by labor leaders in Great Britain to dispense with unnecessary crewmen [Railway Age, Feb. 3, p. 6] holds forth hope for a revision of labor agreements that make it hard for railroads to meet competition."

Another U.S. observer felt U.S. roads would have a "hard time" putting across such an agreement. He pointed out that the railroads' proposal two years ago to eliminate firemen in certain cases "threw a scare" into the union before the proposal was withdrawn in subsequent negotiations.

(In November 1957, latest month for which statistics are available, U.S. Class I railroads paid wages totaling $20,253,601 to 43,496 firemen and helpers in road freight and yard service.)

It was in February 1956, that the CPR

(Continued on page 40)

Watching Washington *with Walter Taft*

• **LABOR AND MANAGEMENT COMMITTEES** are conferring about the support unions representing railroad employees will give the industry's legislative program. Committees got their assignment at a recent joint meeting of labor leaders who are members of the Railway Labor Executives' Association and railroad presidents who are directors of the Association of American Railroads. Program they are discussing is that presented to the Senate's Surface Transportation Subcommittee at last month's hearing on the "deteriorating railroad situation."

• **UNION PRESENTATIONS** to the subcommittee are expected sometime next month. They will probably support many of the management proposals. These will include calls for rate-making freedom, tax relief, user charges on publicly provided transport facilities, tighter agricultural exemptions, and a sharper definition of private carriage.

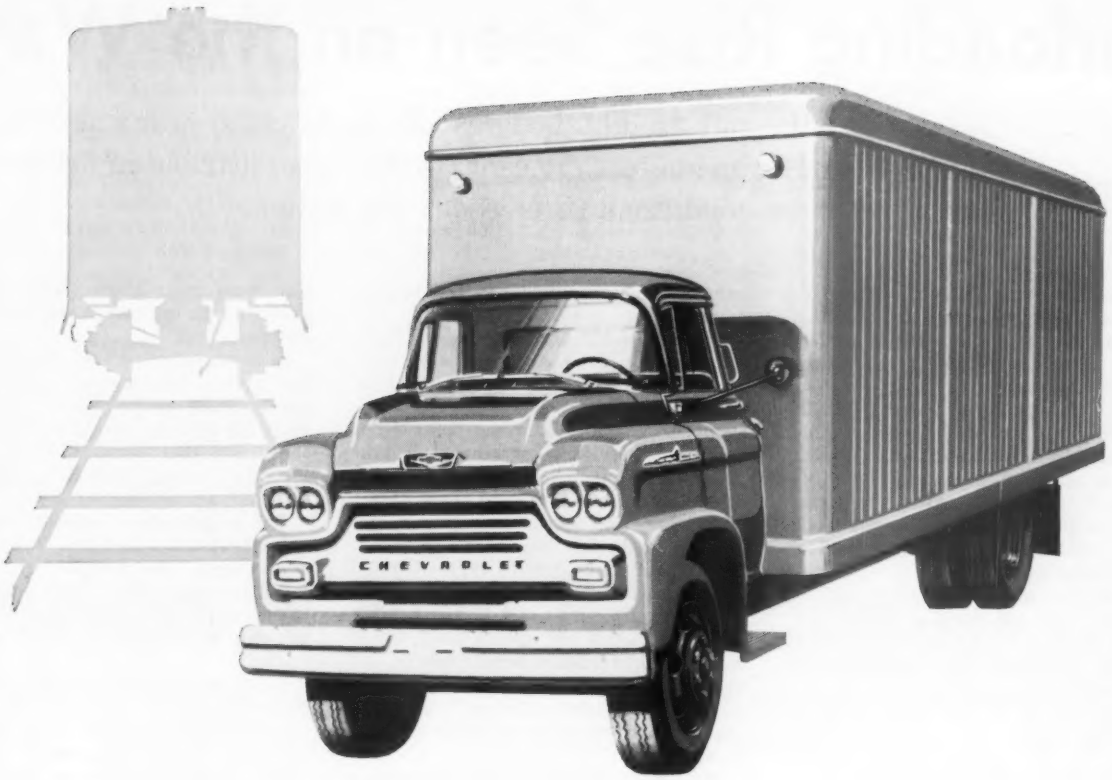
• **NON-SUPPORT** will perhaps be the union position on the proposal to let the ICC override state commissions to permit abandonment of unprofitable intrastate services. That would be in line with past union positions. Proposal to remove restrictions on railroad operations of other types of transport is a new one. The labor leaders will want to approach it with caution.

• **BRIEFING SESSIONS** for Congressional leaders comprise another phase of the AAR's work on the legislative program. One such informal meeting was held last month. It was a prompt follow-up on the hearing sessions at which the industry's presentation was made.

• **THE THROUGH-ROUTES BILL** has advanced another step. The Senate's Surface Transportation Subcommittee has set it for hearing March 3. It passed the House last year.

• **RAILROAD INDUSTRY IS DIVIDED** on the measure. It is sponsored by the American Short Line Railroad Association and opposed by the AAR. It would modify the Interstate Commerce Act's Section 15 (3) to stipulate that through routes shall not be canceled nor rendered inoperative by new joint rates, except with approval of the ICC after hearing.

• **AS TO "RENDERED INOPERATIVE,"** the short lines complain this has been accomplished, without actually cancelling routes, by the device of publishing rates, subject to routing restrictions, which are lower than open-routing rates on the same traffic. The short lines have previously got through-routes legislation, and may well do it again.



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CHEVROLET

NEW CHEVROLET TASK·FORCE 58 TRUCKS

Carloading Rise Seen on the Way

Upward turn in rail freight business likely to come late this year, say industrial traffic managers. Recent traffic losses attributed primarily to general business conditions throughout the nation.

Railroad traffic, measured by carloadings, is likely to improve late this year. There is, however, little chance of any marked upturn in carloadings until the second or third quarters.

Such is the opinion of industrial traffic managers who responded to the monthly poll conducted by Railway Freight Traffic. A few respondents prophesied an early increase in carloadings. Most think carloadings during the next few months will continue to drop, or, at best, level off at about present figures.

A good third of the respondents, including many who anticipate a further immediate decline, expect an upward turn beginning at various dates between April 1 and October 1.

Predictions as to the future trend of carloadings varied. They ranged from an estimate of a 10% increase (compared with 1957), to an overall decrease of as much as 15% for the next six months.

Some respondents feel that an upturn in carloadings can take place only under certain conditions. One suggested, for example, that traffic will continue to decline "unless service is improved and adjustments are made in proposed selective increases on manufactured goods moving in volume."

Another said the country needs legislation aimed at giving railroads their competitive place in transport. "A little bit of horse sense injected into the courts might help, as would some relief from the tax load which is not saddled on railroad competitors."

Various reasons were cited as the causes of the sharp and accelerating drop in carloadings in the last five months of 1957.

In several cases, loss of railroad traffic was related to rail rate increases and "poor rail service."

Other reasons for the railroad traffic decline ranged from passenger deficits and Sputniks to "lack of confidence in the present federal administration," "union attitudes," and "excessive taxation affecting buying power."

Most outspoken respondents were those attributing recent railroad traffic losses primarily to increased rates, either alone or in combination with other causes.

"At long last," one traffic man said, "the carriers have actually passed the point of diminishing returns, and arrived at a situation where the last increase actually cost them more gross traffic than was gained by the increase in net on the traffic that remained."

In much the same vein were statements that "freight rate increases piled on freight rate increases averaging over 110% since 1946 have made private trucking profitable," and that railroads, "like everyone else, are pricing themselves out of the markets."

The last point was mentioned by another respondent, who added that "railroads have at the same time permitted their service to become deplorable. . . The present trend to increase rates and deteriorate service can only be expected to encourage loss of traffic."

Other men, who blamed rail traffic losses exclusively on increased rates, think it will be difficult for railroads to recapture lost business. "Further increases in basic commodity [rates] will cause a continued decline [in traffic] unless rates also increase in competitive modes of transport," they said.

Most frequently mentioned explanation of declining carloadings was "general business conditions." As one man put it: "Carloadings generally reflect the trend in agriculture, business and industry. Weather conditions, tight money, cancellation of government contracts, etc., have all contributed to the downward trend in the overall economy." These conditions, said another, have led, in turn, to concern over inventories and to slackening in the rate of industrial expansion or capital investment.

Some of the traffic men cited situations prevailing in specific industries. One referred to the tight money situation, "which has discouraged residential building." Another cited, among many factors, the declining steel industry operating rate and the declining steel ordering rate of other industries.

That viewpoint was shared, essentially by a respondent who explained traffic losses by high inventories; reversion to truck movement with smaller minimum lots, and cutbacks in manufacturing, particularly of heavy commodities, such as steel, copper and building materials which normally move by rail.

In the same vein was the reply which said: "Those parts of the economy which are the railroads' strongest customers, i.e., capital goods and heavy industry, are those which have suffered setbacks."

Typical of replies which listed many reasons for the decline in railroad carloadings was one which said: "The greater and more rapid decline in railroad carload

Alco Starts Delivery of 130 Diesels for Argentina

The first of 130 all-purpose export diesel locomotives ordered by the Argentine State Railways have been shipped by Alco Products. Photograph shows one of the 1,800-hp units on temporary trucks. The six-motor wide-gage trucks on the units do not fit American standard-gage tracks. Thirty of the units will see service on the D.F. Sarmiento, 55 will go to the General Mitre, and 45 to the General San Martin. Delivery will be completed this year.

traffic in comparison with other modes of transportation is due in part to the shift of the movement of unregulated freight to motor carriers. There is also a strong trend towards diversion of certain types of carload traffic to proprietary operation resulting from the continuing increase in costs of public transportation."

The same combination of reasons — higher rates forcing traffic to other forms of transportation—was cited by other respondents. One said: "Shippers and receivers are very cost conscious. The rate increase last August made many turn to other cheaper forms of transportation." Another man called the Ex Parte 206 rate increase "the last straw breaking the camel's back." "Blanket increases," he added, "have so greatly disturbed market relationships, shippers have been forced to utilize private and contract carriage."

Other replies indicate that loss of traffic to other forms of transportation has been accentuated by changes in business methods caused, in part, at least, by general economic conditions.

"As long as rail carriers continue to increase rates, the shipper is going to turn more and more to trucks for the faster service which makes it possible to keep a smaller inventory in stock," one respondent said.

An essentially similar reply pointed out that "with reduced inventories faster turnover takes place. More shipments of smaller quantity are made to meet customer demands. Quick delivery is essential, therefore, less time in transit"—which, in turn, brings railroads into sharper competition with trucks for available traffic.

Several replies said declining traffic was attributed to poor railroad LCL service. Such service becomes particularly important, one respondent said, when freight "moves out of the carload category into small shipments."

In another opinion, railroads became vulnerable to carload competition when LCL was turned over to motor carriers and forwarders, because trucks could not meet railroad carload rates unless they had less-truckload shipments to cover out of pocket costs.

The passenger deficit came in for severe criticism. So did the attitude of railroad unions. By implication, some respondents assigned to union attitudes at least part of the blame for the fact that "rail service is poor, and car handling rough." "Exorbitant local and state taxes draining the buying power of the people" was another cause given for declining business, and, consequently, for lower traffic.

Truckers to Fight RR Proposals

Second series of Senate hearings on "deteriorating railroad situation" opens February 17. Truck group will concentrate its fire on railroad proposals for freedom to make competitive rates and for removal of restrictions on operating other forms of transport.

Anguished cries of truckers are expected at next week's Senate hearing on the "deteriorating railroad situation."

Representatives of the motor carrier industry are scheduled to appear February 17 when the Surface Transportation Subcommittee opens its inquiry's second series of public hearings. Railroad presentations to the subcommittee, which is headed by Senator Smathers of Florida, were made last month (Railway Age, Jan. 20, p. 9 and Jan. 27, p. 11).

Among the trucker presentations will be that of American Trucking Associations. ATA's main fight will be against the railroad freedom program. That calls for freedom to make competitive rates and for removal of restrictions on railroad operation of other forms of transport.

The rate-freedom plan involves rewriting the Interstate Commerce Act's rate-making rule to add "three shall nots." These would end the Interstate Commerce Commission's fair-share-of-the-traffic approach to competitive rate cases by prohibiting consideration of the effect of proposed rates on another mode of transport.

This proposal has been kicked around since 1955, when it first came to the fore as a recommendation of President Eisenhower's Cabinet Committee on Transport Policy and Organization. The trucking industry's opposition has been unrelenting.

ATA spokesmen have assailed it as a design for making truck lines "mere feeder lines or captured 'fighting ships' for the railroads." The result, they contend, would be to "set back by many years the progress we have made in transportation."

Charges that railroads would go in for selective rate cutting to the detriment of farmers, small shippers and small communities have been additional features of the truckers' opposition drive. They have also identified themselves with the ICC's opposition to the program. And they have turned up pronouncements of the late Commissioner Joseph B. Eastman to bolster arguments holding that the "added-traffic theory" of building volume is "deceptively appealing."

ATA has also made much of the railroads' dislike for suggestions that the shall-nots should apply between carriers of the same type as well as on the inter-agency basis originally proposed. As to that, it has said: "Railroads still want a referee to prevent them from cutting each other's throats—they want the law of the jungle to prevail when they seek to take after their other competitors."

The proposal to remove restrictions on railroad operations of other forms of trans-

(*Continued on page 36*)

This Trucker Wants to Cooperate

Increased cooperation between railroads and truck companies will benefit both. So says J. L. Snead, Jr., president of Consolidated Freightways.

Mr. Snead, whose firm is the nation's third largest truck operator, was addressing the New York Society of Security Analysts. He outlined a going arrangement which Consolidated has with the Southern Pacific and the Alaska.

A typical movement on this route has Consolidated turning trailers over to SP at Sacramento for piggyback movement to Portland. From Portland to Seattle the trailers are moved by highway. Alaska Steamship Company carries the trailer bodies to Alaska. The Alaska Railroad piggybacks them to inland points, and final delivery is by truck. At present, some 80-100 trailers a week are handled in the operation.

Mr. Snead said that most of Consolidated's long-haul business is LTL—about 40 transcontinental loads a month, out of 1,200, are truckload lots. The average shipment weighs only 215 lb.

Consolidated's earnings this year will be materially better than in 1957, he said. Last year's gross reached $70 million, up from $60 million in 1956. A jump to as much as $160 million is possible in 1959 if the ICC approves acquisition proposals.

Current OPERATING DEPARTMENT Questions

How can railroads utilize locomotives better?

The subject of locomotive utilization received broad coverage at a three-day meeting of the Railway Systems and Procedures Association last October. Many methods for securing more use of diesels were advanced by participants in that meeting. Some were described in Railway Age, Oct. 21, 1957, p. 9. However, as you might expect, a meeting devoted wholly to this subject brought forth a lot of answers to the question I've posed above. Therefore, with RSPA's permission, I'm quoting below a few interesting comments and observations made at these sessions. —G. C. R.

1—Build flexibility into the fleet

"The more flexible a fleet of locomotives can be made, the easier it will be to obtain greater utilization. With this in mind, provision for full control trainlining of all units by the application of control receptacles on the nose or front end of all 'A' units increases the flexibility of the pool, as it is no longer necessary to shuffle 'B' units between various points in order to assemble multiple unit locomotives. 'A' units can be used anywhere.

"Further, standardization of a 27-point control receptacle on all types of power permits the operation of all units in multiple. . . Another advantage is that two 'A' units can be operated in tandem as the first and second units so that if it should become necessary to set off the lead unit, the crew can easily take over the second unit without having to turn the locomotive on a wye. . .

"Another item that will aid in minimizing line-of-road delays and/or failures is the installation of traction motor cut-out switches. This makes it possible, in the event of a grounded traction motor, for the crew to isolate the faulty motor and keep the unit in service without ever stopping the train. This means the difference between a unit failure and unit utilization."—*Frank D. Sineath, assistant general superintendent motive power, Atlantic Coast Line.*

2—Cut down on crippling flashovers

"Ground relay operation is one of the major causes of road delays with diesel electric locomotives. A majority of ground relay action cases are caused by improper operation of the throttle by the engineman. This occurs in two ways: first, a violent high-speed wheel slip will cause such rapid voltage surges that flashovers will occur in the traction motors and/or main generator; second, failure of the crews to drop the throttle to a low notch while the locomotive is passing over railroad crossings at grade, frequently results in flashovers of the traction motor or motors involved. This flashover is initiated by the jumping of the brushes off the commutator for a small fraction of a second during the jar of the wheel and motor frame over the crossing. Whenever the brushes are lifted, even a few thousandths of an inch off the commutator in this manner, severe sparking occurs, which immediately results in commutator ring fire and eventual flashover.

"Flashovers from either of the above causes result in considerable damage to main generators and traction motors. Carbon dust from the brushes struck by the flashover arc coats insulators and commutator V-ring to the extent that, once a flashover occurs, the ground relay rarely remains re-set. This requires the locomotive to return to a maintenance point for renewal of brushes and brush holders, and for thorough cleaning of the main generator and traction motors to remove the carbon dust."—*C. L. Hall, director diesel methods and procedures, New York Central.*

3—Work toward faster inspections

"We are now running our freight trains from Los Angeles to El Paso, 815 miles, with intermediate inspections on the 'rolling inspection' basis. . . The result has been a reduction of several hours in schedules and also increased locomotive availability. If you are not looking into points such as these, I suggest that you do so.

"In another district the through run will total some 977 miles with intermediate inspections on the same basis. Present indications are that journal boxes are running better."—*N. L. McCracken, assistant general superintendent motive power, Southern Pacific.*

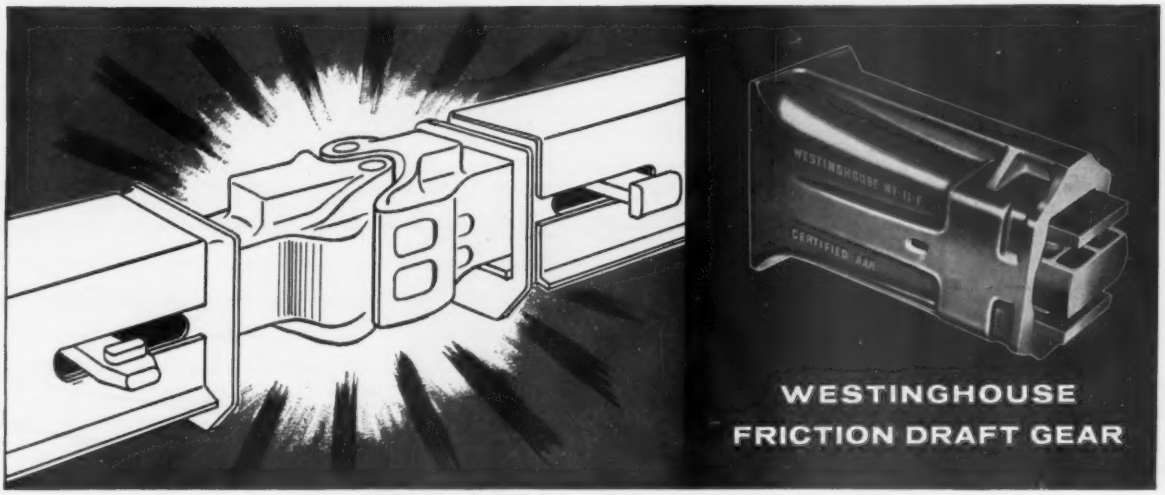
• These quotations support Railway Age's story covering this meeting. It read in part: "Railroads can't consider locomotive utilization in a vacuum. Train schedules, yard operation, equipment maintenance and other factors all have important roles in determining how much the railroads get out of their motive power." We'll have more to say on this at a later date.

• Answers to the car service quiz we ran in the January 27 issue are beginning to dribble in. Apparently some people were baffled by the initials of one car. I'm speaking of the MTC (Mystic Terminal Company) box. Its cars are "at home" on the B&M.

CONDUCTED by G. C. RANDALL, district manager, Car Service Division (ret.), Association of American Railroads, this column runs in alternate weekly issues of this paper, and is devoted to authoritative answers to questions on transportation department matters. Questions on subjects concerning other departments will not be considered, unless they have a direct bearing on transportation functions. Readers are invited to submit questions, and, when so inclined, letters agreeing or disagreeing with our answers. Communications should be addressed to Question and Answer Editor, Railway Age, 30 Church Street, New York 7.

Friction + Cushions! Absorbs! Dissipates!

DESTRUCTIVE FORCES



You can't beat fundamentals! Within itself, a good friction draft gear sets up a yielding resistance to shocks, builds up this resistance as shocks are intensified. It does this with characteristically high absorption and low reaction.

That's how the Westinghouse *Friction* Draft Gear *absorbs* the forces between colliding cars; *equalizes* the speed of coupled, moving cars as slack is run in and out, or as brakes are applied; allows serial action as long trains are started. Thus, by cushioning these otherwise destructive forces, the Westinghouse *Friction* Draft Gear protects rigging and car structure, cuts costly lading damage claims.

This is the time-tested principle of the Westinghouse *Friction* Draft Gear.

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Specify
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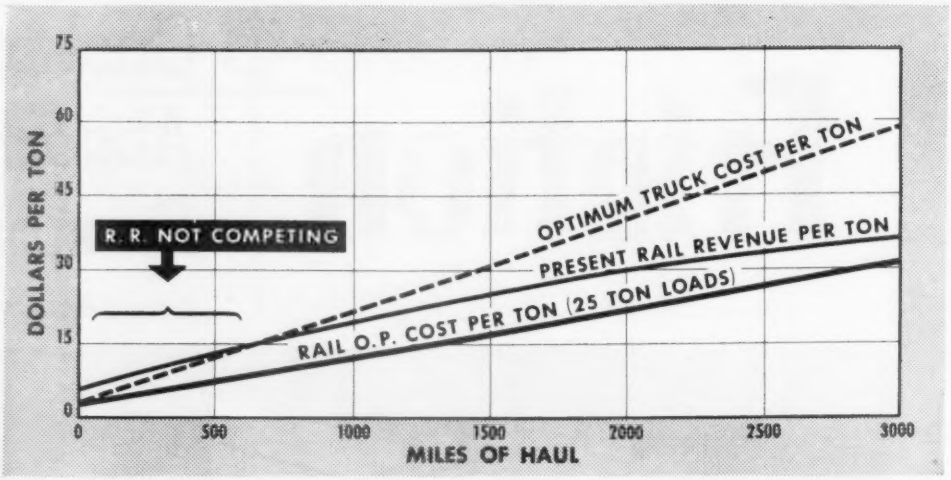
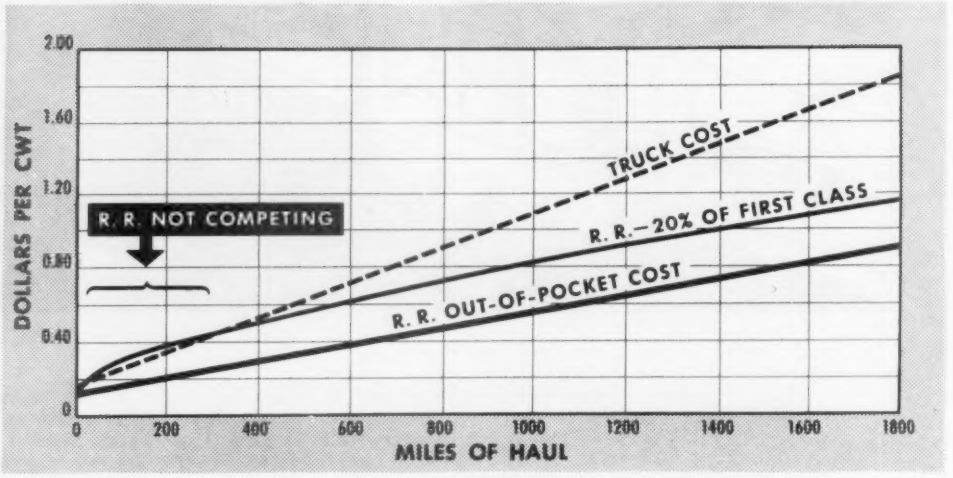
TOO HIGH, the rates on this commodity don't attract traffic for the shorter distances where most of the tonnage moves.



WAY ABOVE rail and truck costs for the shorter hauls, rates at 20% of first class are also lower than competition requires for long distances.



Freight Rates—Bulge Misplaced?

The top chart herewith shows average railroad revenue (i.e., average rates) on an important commodity for distances from 0 to 3,000 miles. Other lines on the chart compare these rates with (a) the cost to the railroads of moving this commodity and (b) the estimated cost of the same movement by the most efficient trucks.

You will notice that the *cost* of the railroad service is lower than truck cost for all distances over about 25 miles, but that the railroad *rates* are above cost of truck movement, up to about 600 miles. Unfortunately, most of the tonnage of this commodity is moving for distances under 600 miles—where the railroad rates are uncompetitively high.

There is, so to speak, a bulge or hump in the line of railroad rates—in a most embarrassing place, i.e., where the heaviest traffic is available.

This chart was first published in Railway Age of January 20, page 15, but the printer misplaced the line showing railroad revenue per ton. He placed it too low—showing the level of railroad rates as being below truck costs for all distances. The chart shown at the top here corrects that mistake. The railroad rates on this commodity, for some reason (probably historic), hump up high for distances up to about 600 miles; and are much lower than competition of highway transportation would require for the longer distances.

The question arises: Is this misplaced hump or bulge in the rates on this particular commodity an exception to the rule—or is it a fairly common occurrence in freight rates? This is one of the most important questions which research into railroad rates might profitably ask.

Evidence of the probability that "misplaced hump" trouble may be fairly common is offered in the second chart herewith, which shows truck costs and railroad costs—compared to the railroad rate scale of 20 per cent of first class. It will be seen that the bulge here (i.e., of rail rates above truck costs for the shorter distances) is even more pronounced than in the case of the commodity shown in the first chart.

Methodical research, such as that being undertaken in two of the country's rate territories, should develop other instances of "misplaced bulges," wherever they may exist—for the information of traffic officers in their efforts to make rates which will attract additional profitable tonnage.

If railroad traffic, rate and cost men know of other instances of "bulge trouble" in making railroad rates profitably competitive—Railway Age will be glad to inquire into such cases and report them.

EXCLUSIVE CATERPILLAR "HI-ELECTRO" HARDENING MAKES STEEL TOUGH TO BREAK, HARD TO BEND

Result: New CAT Scraper and 'Dozer cutting edges, built to withstand increased demands of today's machines, are top buy.

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New Caterpillar cutting edges match the superb quality and performance of Caterpillar earthmoving equipment. They are built to stay on the most grueling jobs, day after day, without breaking or bending. There is no better buy at any price.

Field tests prove that the new Cat cutting edges not only outwear other make edges of the same thickness; they even outlast the thicker edges of other manufacturers.

To manufacture such tough edges, Caterpillar engineers perfected a hardening process to give steel the right blend of toughness and hardness—toughness to prevent breaking, hardness to prevent bending and rapid wear.

ROUGH JOBS like this put cutting edges to severe test. And here is where tough Caterpillar edges prove their superiority.

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Edges are heat treated by "Hi-Electro" hardening, a Caterpillar exclusive. This gives a deep, superhard wear case. The core is left tough. The finished edge has an armor-like case and a shock-absorbing core.

Your Caterpillar Dealer has full information about new Cat Scraper and 'Dozer cutting edges. And he'll carry your parts inventory.

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CROSS SECTION of edge showing armor-like case and its shock-absorbing core.

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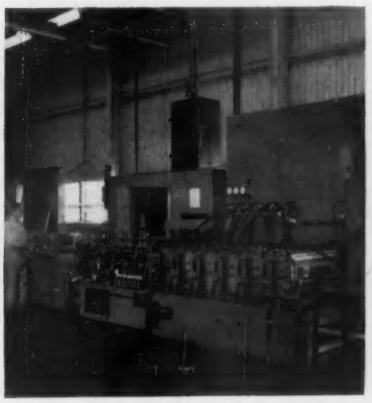

"HI-ELECTRO" hardening machines at the Caterpillar factory give cutting edges the strength to resist breaking and bending.

• • • • • • **The Continuing OUTRAGE**

ASSIGNMENT—TO REPORTER ROD CRAIB:

'I've Run Into a Stone

Mr. Joe W. Kizzia
Executive Editor
Railway Age

Dear Joe:

I know you'll be as disappointed as I am, but I've run into a stone wall on taxes. I'm afraid our roundup story is out. Too bad—it would have been a honey.

The trouble is that taxes are taboo with a lot of railroad people. These people don't think their taxes are fair, but they're afraid that if they say much about them, they'll just get hit harder. This in itself is an outrage; why should any industry be afraid to take its case to the public for fear of making a bad situation worse?

There is no objection to our talking about the general state of railroad taxes, but we can't go into specific details without making some of our good friends unhappy. That's because railroads have traditionally been the backbone of state and local tax systems.

Railroad money pays the bills for a lot of local governments; it buys school supplies and snow plows as well as paying city fathers' salaries. With the cost of living up and still rising, taxing bodies are looking for new ways to raise money. They don't often think in terms of new sources. Mostly, they're looking for ways to get more money out of existing sources.

Many railroad tax experts feel that our proposed table comparing taxes in all 48 states could easily be used against the railroads as well as for them, simply because there are so many different kinds of state and local taxes on railroads.

Most states, for example, have an ad valorem tax on railroad real estate; some have taxes on rolling stock or other property. Others pass up the real estate taxes in favor of a franchise tax. Some tax commissions get the money through levies on gross earnings or net income, others have sales and use taxes.

Railroad tax agents are worried that lawmakers in one state will look at the kind of table we proposed and conclude that if Railroad X pays a franchise tax in state Z, it can also pay a franchise tax in their state. They'd be apt to overlook the fact that Railroad X is already paying a much higher real estate tax in their state than in Z state. As one tax man pointed out, the railroads are in just as deep a hole whether the material used against them is furnished by friends or opponents.

The chief objection is an application of Gresham's Law to taxes: a theory that bad taxes will eventually drive out good. A practical objection to our proposed comparison of state taxes was the difficulty of getting a fair basis for comparing the states.

Yardstick Won't Work

I initially chose taxes per track-mile for a yardstick. This data is available from ICC reports, but tends to make the states with heavy terminal facilities look worse than states with long hauls. A more exact criterion might be taxes related to intrastate revenue, but the figures for this would be impossible to get without the close cooperation of every railroad in every state.

Some railroads that didn't specify their objections, were cold to the tax story idea. On a couple of railroads I was told "It's not our policy to give out tax information."

These are objections we, as a trade journal, have to consider, I think. Our goal in publishing is to serve the railroads. This sometimes requires us to criticize the industry or parts of it; it does not require us to go out of our way to print material that might prove harmful. So, I began thinking in terms of a different approach.

Here's One Report That Can Be Made

"New York taxes its railroads three times as much per mile of line as the average state. What this amounted to in New York State in 1956 was that the railroads paid one dollar of every $36 of all real estate and special assessment taxes collected by all tax jurisdictions —all counties, cities, towns, villages and school districts—throughout the state. One railroad alone—the New York Central—pays taxes to 557 tax-hungry New York jurisdictions.

"Interestingly, tax troubles mount when a competing facility, like the New York Thruway, is built parallel to railroad right-of-way. . . All along the New York Central right-of-way huge acreage was eliminated from the tax rolls. . . Not only did the local jurisdictions find it necessary to make up the resultant loss in taxes from remaining taxpayers, including the railroad, but the Thruway resulted in a loss of passenger and freight business to the railroad . . .

"The railroads using the 5.4 miles of railroad between Grand Central and Mott Haven Junction were required to pay New York City 1956 property and special franchise taxes of over $11½ million on those properties. . . The New York Central paid over $5,300,000 of this out of its own pocket. This was more than 15% of the total property and franchise taxes paid on its entire 10,700 mile system."
From a speech by Eastern Railroad Presidents Conference Chairman David Mackie to New York State Chamber of Commerce Executives, January 10, 1958.

Do a roundup on the "48 states of taxation." Local and state taxes are not only unfair to the railroads, but they also vary widely from state to state. Talk to RR tax experts and tax commissioners. Also, see if you can work up a chart to show the overall breakdown.

Wall on Taxes'

A few months ago there was a news story about a prominent trucking firm that had threatened to leave a state unless the state's legislators repealed a tax the truckman considered burdensome. This trucker gave some figures and the amount of taxes his company had paid that state over a five-year period. He compared this to his annual revenue and found the situation intolerable. I was pretty sure that the taxes the trucker felt so unfair were small compared to the taxes railroads paid in his state.

Different Tack

So I went to a tax agent of a typical railroad in the state and suggested a story comparing in detail—naming names and citing figures—the taxes paid by the railroad in the state with those paid by the trucker. The man I talked to on the railroad thought they would go along with the story, but said that he would have to get approval from the line's general tax supervisor.

This man agreed the idea would make an effective story, but he didn't want anything to appear that would identify his railroad. He preferred us to talk about all the railroads in the state as compared to all the truckers in the state. This was a good idea, but since this state doesn't require this kind of record keeping, the figures are not available.

Once we had agreed not to use the particular railroad as an example, my railroad friend came up with some figures. They indicated that the taxes the railroad paid with relation to its gross earnings in the state amounted to a burden well over twice as heavy as that the trucker had complained so much about.

Again I changed my approach. I reasoned that if present railroad taxes are an outrage—because they are so much higher than taxes on rail competition—it should be interesting and

(*Continued on page 44*)

Railroads Balk at Completing This Tax Chart

	Capital Stock	Franchise	Gross Earnings	Net Income	Real Estate	Rolling Stock	Sales & Use
Alabama							
Arizona							
Arkansas							
California							
Colorado							
Connecticut							
Delaware							
Florida							
Georgia							
Idaho							
Illinois							
Indiana							
Iowa							
Kansas							
Kentucky							
Louisiana							
Maine							
Maryland							
Massachusetts							
Michigan							
Minnesota							
Mississippi							
Missouri							
Montana							
Nebraska							
Nevada							
New Hampshire							
New Jersey							
New Mexico							
New York							
North Carolina							
North Dakota							
Ohio							
Oklahoma							
Oregon							
Pennsylvania							
Rhode Island							
South Carolina							
South Dakota							
Tennessee							
Texas							
Utah							
Vermont							
Virginia							
Washington							
West Virginia							
Wisconsin							
Wyoming							

NORTHERN PACIFIC
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Main Street of the Northwest

How to keep an entire railroad under your thumb

LITERALLY, THIS IS POSSIBLE. It takes only a thumb—with an occasional assist from a cooperative forefinger—to flip the switches and push the buttons of a Centralized Traffic Control panel.

Equip a complete railroad with C.T.C. and movement of trains anywhere on the road can be directed with a few simple flicks of the finger.

Can the railroads afford C.T.C.? Frankly, *a modern railroad can't afford to be without it.* In the first place, it will pay for itself in three or four years by reducing operating expenses. It will virtually double the capacity of existing trackage—or permit salvaging hundreds of miles of rails where it eliminates the need for multiple track. Property taxes are lowered. Maintenance is reduced.

Over-all service is speeded up considerably. Schedules are more reliable. And C.T.C. tells the dispatcher at the control panel where every train in his system is located at all times. C.T.C.-equipped railroads have already reported return on the investment averaging 15 to 30 per cent a year.

In the field of push-button science for railroads, Union Switch & Signal's record of achievement has been outstanding. In addition to C.T.C., development of VELAC* Fully-Automatic Classification Yard System has given the railroads an efficient tool for speeding freight movement and reducing operating costs. Our engineers are ready to help with your problems at any time.

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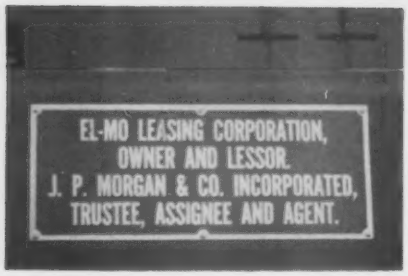
DIVISION OF WESTINGHOUSE AIR BRAKE COMPANY

SWISSVALE, PENNSYLVANIA

NEW YORK.....PITTSBURGH.....CHICAGO.....SAN FRANCISCO



CLOSEUP of lease-plate on side of Pennsylvania locomotives obtained in recent acquisition is shown above. It's circled in view of "B" units obtained in order.

What about Private Leasing Plans?

With ready capital in short supply and a spreading variety of arrangements available, they are proving highly popular. A question is whether anyone but the government can provide adequate car-replacement funds.

● A 12-mile railroad in Pennsylvania is leasing a new Alco switcher. One major carrier obtained almost half its locomotive fleet the same way. The Pennsylvania, not waiting for Congress on the Symes Plan, leased 225 diesel units from two builders.

● One of the most recent lease deals involves a series of coaches of comparatively recent construction. The cars, purchased from a railroad by a leasing firm, will be rebuilt at lessor's expense, then leased back to the railroad for return to main-line service.

● A mining road in the West will take delivery on 200 new 70-ton hopper cars this spring—by lease. One Chicago firm alone has leased some 3,600 freight cars to three Class I eastern roads. Several companies are leasing specialized cars direct to the railroads.

These lease agreements—and many others like them—represent private industry's stake in a field slated for possible government entry under the so-called Symes plan. They represent equipment leased direct to carrier, not including the thousands of cars leased to shippers.

Latest available ICC figures show about 5% of Class I roads' locomotives and approximately 6.4% of freight and passenger cars as "leased from others." Totals at the close of 1956 listed 1,557 locomotives leased, out of 30,433 in service. More than 115,000 freight cars and some 1,465 passenger train cars were also noted as leased equipment.

The Lessors

Biggest operator in the comparatively young private lease business has been the Equitable Life Assurance Society, with more than $200,000,000 in equipment leased during the past eight years. Other entries, though smaller in dollar value of equipment, also have made a sizeable splash in the rail lease field.

Hyman-Michaels Company sets the value of its equipment on lease at about $50,000,000. National Equipment Leasing Corp. notes lease of locomotives costing some $14,000,000 to one carrier. The Pennsylvania's lease arrangements for Electro-Motive and Alco locomotives involve units with a dollar value of more than $35,000,000. General American, General American-Evans, Shippers Car Line and North American Car lease specialized equipment. Companies like International Railway Car, Chicago Freight Car & Parts, and U. S. Railway Equipment also have a stake in the lease field. And several other leasing firms, not working with railroads at present, have indicated a strong interest in expanding to include rail leases if demand develops.

Offers to lease have won particular acceptance in the specialized equipment field. General American's Airslide hopper cars, for example, have been leased to 24 roads, sold to 16 (including cars both in service and on order). Of the total cars operated or ordered, 906 have been obtained by lease, 1,336 by purchase. Current orders confirm the relative positions of lease and purchase—more roads are leasing than buying but more cars are bought than are leased. In contrast, only one of 929 Airslide cars obtained by industries was purchased—the other 928 were acquired on a 10-year lease basis.

Other specialized cars obtainable on lease are General American-Evans DF cars; General American refrigerator and tank cars; Shippers Car Line covered hoppers; and North American Car covered hoppers. (North American also leases box, gondola and stock cars.)

RAILROADS aren't only users of leasing.

Many of the lease agreements now in effect represent a railroad-industry variation of the used-car business. In this field, the leasing company buys up used out-of-service or surplus cars, rebuilds and reconditions the equipment and then puts it out on lease. Frequently, cars are leased back to the same road which originally owned them, after repairs are made—as with a Chicago firm's lease of 125 baggage-storage mail cars which started life as troop sleepers.

Several firms have made progress in the used equipment business. Hyman-Michaels has 4,000 used cars leased and in service on four Class I roads; International Railway Car notes about the same number of leased cars, spread over 10 railroads (and a small number of industries). All these leases involve standard equipment—box, hopper, gondola and flat cars.

Why Lease?

In any one case, a number of factors come under consideration. High on the list in most cases is the ability to acquire equipment without payment of the customary 20% down payment, and the resulting release of working capital for other uses.

One leasing firm stresses that "it's the use, not the ownership" of rolling stock which really matters. Another points out that the "vast majority of those who obtain equipment by lease could readily purchase if they so desired. They lease because it permits more profitable utilization of working capital, enabling them to utilize cash for uses in which it will be most productive."

A major lessee railroad cites a number of factors in its decision to lease—"one of these was, of course, that no initial cash outlay would be required, whereas initial cash payments approximating 20% are required under conventional equipment trust financing."

Obsolescence is also a factor, particularly with the acquisition of specialized cars. In setting up its leasing plan, one lessor of special equipment notes that leases are for a relatively short term—10 years—and "if it (the car) is obsolete by the end of this time, the railroad has risked nothing and has no replacement to make."

Leasing—How's It Done?

Lease agreements come in assorted sizes and shapes. Several lessors make a particular point of tailoring proposals to the needs of each situation. Initial term and option arrangements vary—one lessor cites, as examples, a lease of new cars for a 15-year initial term followed by 10 one-year extension options. The same company, in leases of used equipment, has agreements providing for an 8-year initial term and five 1-year extension options; a 12-year initial run and eight 1-year options; and a 5-year initial term and five 1-year options. Rental payments likewise vary from case to case.

Equitable's plan for new equipment set up payment schedules which would return its investment plus interest in 15 years. After that, the leasing railroad could continue to lease at a nominal rental for another 10 years. The plan hit a peak in 1951, skidded during the fast-amortization days of the Korean War and the 1954 downturn, then picked up in 1955-56.

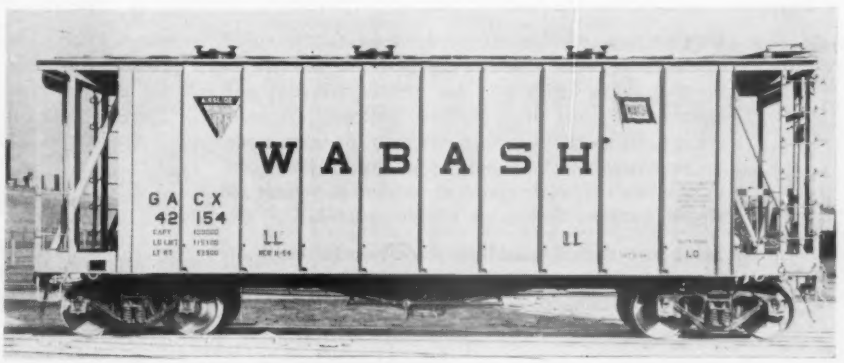
Back in the Spotlight

Several events last year focused new attention on leasing. Top among them, of course, was the introduction of Senate bill 2906 and House bill 9597, to create a Federal Railway Equipment Agency. But while the Federal leasing proposal was being debated, major carriers continued to make use of private lease arrangements—as with the PRR lease of 225 locomotives and B&O's lease of 106 out of 120 diesels ordered during 1957.

Depending on whose estimates you accept, the annual need for new freight cars totals about 100,000, plus or minus several thousand. That's a sizeable increase over the average for the past few years—and the big question remains: Where's the money coming from?

Symes Plan backers see no adequate source aside from the government. Neither available capital within the industry nor available funds from outside lenders, they say, show promise of developing to the extent necessary to finance a full-scale car acquisition program.

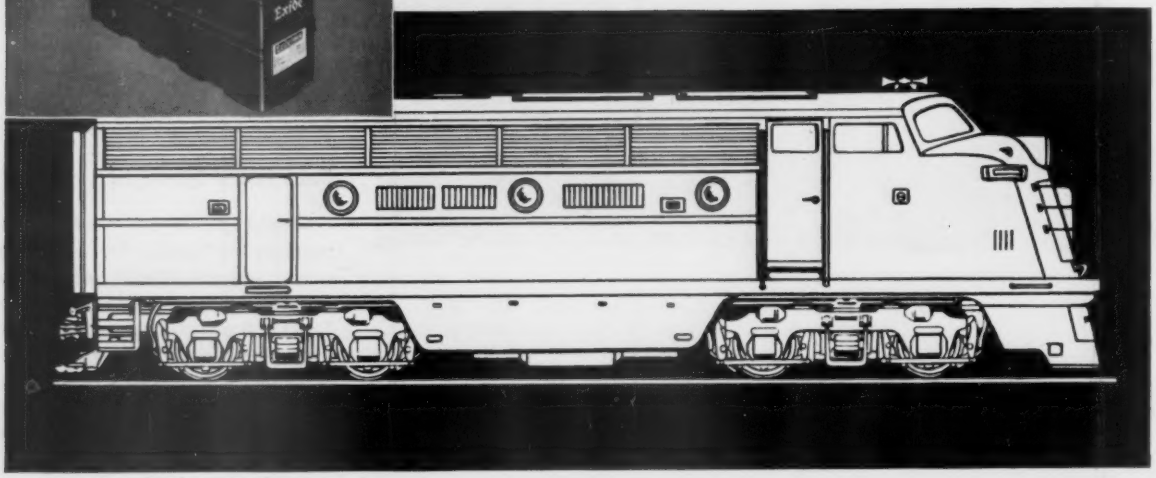
Government leasing specifically and private leasing generally, however, still meet objections. Support for the government plan remains primarily in the East;
(*Continued on page 44*)



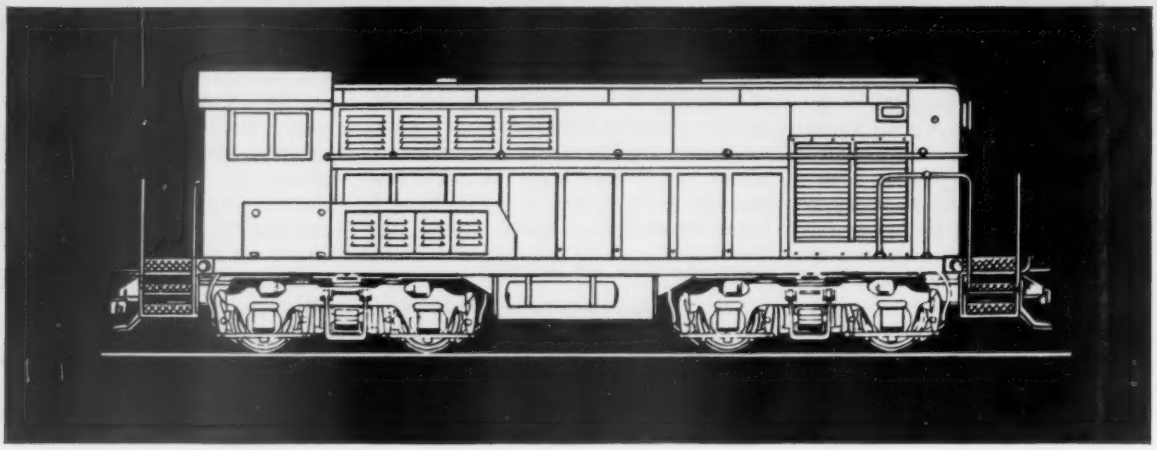
BILLBOARD LETTERING heralds Wabash operation of this leased car.

VERSATILE NEW BATTERY

New MGD Exide-Ironclad Diesel locomotive battery



Power for Road Types



Fits Switchers

Here's a battery you can use interchangeably in either of these two basic locomotive types. The new MGD Exide-Ironclad gives you far greater freedom and economy in using your available batteries. Its more efficient design packs more power into the same space. So your new MGD 420 amp-hr battery for road locomotives has the same physical dimensions as present 280 amp-hr batteries, such as are used in switchers.

Make sure you get this MGD Exide-Ironclad versatility next time you buy batteries. New design means actually superior performance and longer life. Saving in materials means extra economy. Beyond question, here is today's outstanding value in a diesel locomotive battery. Write for detailed bulletin. Exide Industrial Division, The Electric Storage Battery Company, Philadelphia 2, Pa.

Exide®

"RED BOARD"

on the HOT BOX PROBLEM!

Servosafe* Hot Box Detective* Spots Every Hot-Running Journal

"Hot Boxes"—among the oldest problems in railroading, are under control. On the lines where Servo Corporation's Hot Box Detective is on the job, delays and damage from overheated journals disappear.

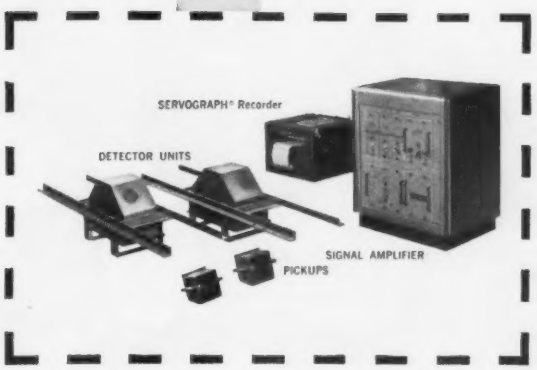
The SERVOGRAPH* recording unit, located in the control tower, ticks out the written record on the condition of *every* journal in the passing train, with a clear and unmistakable warning when an overheated journal passes. The potential hot box is pin-pointed to the exact journal of the specific car. Long before its condition reaches the danger point, the journal can be repacked or cooled, or the car set out, with minimum delay.

The actual hot box hunting is performed by the Servotherm* infrared detector heads located at trackside below the axle level. Operating without attention, these detector units scan *all* the journals of every car passing—day or night, in any weather at speeds from 10 to 60 mph. The IR detectors pick up the warning signal (that is always present and proportionate with heat) and flash the report on each journal instantaneously to the remote recording unit (usually in the control tower) that is located up to four miles away.

Now in service on 7 roads, Servo Corporation's Hot Box Detectives have proved their value in ending the hot box problem . . . additional installations are now on order including those from two new roads.

Get the *complete* story on the Servosafe Hot Box Detective now . . . find out how it will pay off for your road. Call, wire, or write for our railway applications engineer to give you full details. And if you've not received the new Hot Box Detective brochure, write for your free copy. Please address:

*T.M.



SERVO CORPORATION OF AMERICA

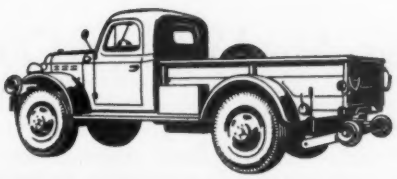
20-22 Jericho Turnpike New Hyde Park, L. I., N. Y.

Get your men there fast—on road or rail with • •

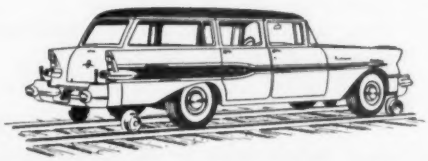
. . . Fairmont

THE FAIRMONT A30 SERIES C HY-RAIL MOTOR CAR (pictured on the left) is one of a group of Fairmont-adapted vehicles that are saving time and money for American railroads. The A30 is ideal for Track Supervisors . . . Track Patrolmen . . . Signalmen . . . and Telegraph Linemen. You can't find a better way to cover your territory rapidly, efficiently and inexpensively. Your men can travel on the track they're responsible for—or take to the highway to save time . . . reduce travel distance . . . bypass trains or blocked sections. What's more, men, material and tools are hauled right to the work site. Hy-Rail cars can be set off or rerailed by one man at any grade crossing. Modernize and mechanize your crews with a Fairmont Hy-Rail car.

Other Hy-Rail Motor Cars by Fairmont



A35 SERIES A HY-RAIL CAR is powered by a 6-cylinder engine and offers four-wheel drive and four-speed transmission with underdrive. Load capacity: 2600 lbs. Primarily for maintenance service.



A34 SERIES B HY-RAIL CAR offers a Pontiac Station Wagon body; a rugged 252-h.p. V-8 engine; Hydra-Matic drive; power braking and steering. Rail wheels are operated hydraulically and are locked in position mechanically. Eight passengers or driver plus 1050 lbs.

FAIRMONT
RAILWAY MOTORS, INCORPORATED
FAIRMONT, MINNESOTA

MANUFACTURERS OF BALLAST MAINTENANCE CARS, DERRICK CARS, OIL SPRAY CARS, GROUTING OUTFITS, TIE RENEWAL EQUIPMENT, RAIL RENEWAL EQUIPMENT, WEED CONTROL EQUIPMENT, HY-RAIL CARS, TRACK MOTOR CARS, PUSH CARS AND TRAILERS.

Railroading After Hours

with Jim Lyne

PASSENGER REBUILDING — That operating vice-president who would like to see the railroads try an experimental transcontinental passenger train—as noted here January 27—comes along with some more details. You'll recall that he'd do this only if the brothers would agree, experimentally, to provide crews working by the hour instead of on mileage; and require no surplus help. He'd try to make the run in a couple of days—not by excessive speed, but by avoiding the big intermediate terminals and reducing stops to those necessary for refueling.

Now he suggests that a fare of $100 for reclining-seat coaches be aimed at—with free airplane-type meals (which air coach passengers don't get). Of course, the train would have higher-class accommodations at a higher rate—but the aim would be to make a profit on each class. The experiment would be abandoned unless costs could be held down to permit business-getting rates which would really earn some net money.

CONCLUSIVE ANSWER—If experimental service could be established which would (1) show a profit and (2) prove it was a growing business—everybody concerned would benefit. Or so this operating vice-president believes. Instead of jiggling around with compromise adjustments of existing service—why not try something that would completely meet the prescription for a successful business venture—low cost, low price, assured profit, and customer appeal? Such an experiment would either succeed or fail—but, whichever it was, the result would be conclusive.

With the airlines about to boost their rates, price advertising by railroads—particularly of coach service—comes up again. Ad Manager Chet Dilley of the Milwaukee sent me proofs recently of some price-comparison advertising, showing the passenger's savings on Hiawathas, relative to air coach.

E. L. Tennyson of Philadelphia likes the idea of an experimental transcontinental train—only, instead of making the run in two nights, he'd stop the train at a mid-continent motel for 10 hours. That might work—but the motel idea is a complication; and the fewer complications in an experiment, the better.

RAILROADER-ECONOMIST—At the recent Montreal dinner for Herb Lash and Claude Melancon (noted here last week), I sat at a table with S. W. Fairweather, who retired last year as CNR v-p in charge of research and development. We got to talking about the economic and rate research being undertaken by U.S. railroads, and he said:

"If anybody had told me 25 years ago that it was going to take the railroad industry all this time to recast their prices for an era of competition, I couldn't have believed it."

SWF is one of the few men in North America who has put in an adult lifetime on a combination job as a railroader and as a working economist. There's a lot that most of us can learn from people like him.

KNOCKS OUR "OUTRAGE"—I note that a magazine called the Pacific Shipper in a recent issue endeavors to take a fall out of us for our "Outrage" article—published four months ago. That was a piece that not only got attention when published, but is continuing to get attention—including unfavorable attention from people not interested in railroad prosperity.

Electrification May Have a Future

Dr. Edward Teller, so-called father of the hydrogen bomb, thinks "trains in the atomic age will no doubt be electric."

Whether we're in the atomic age now is a matter of conjecture. But there are experienced railroad engineers who believe we're at a point where investments in electric locomotives, and overhead-wire or third-rail systems, will pay off.

It's possible your railroad is, or soon will be, ripe for electrification.

As a starting point, here are some factors to consider:

How many locomotives (with what horsepower capacity) are now required to handle the traffic over the line being considered for electrification?

What is the total track mileage that would be involved?

What is the average annual mileage made per locomotive?

Also: Is present motive power approaching the age for renewal?

And: Is electric power available where needed at practical cost?

Consider too: Approximate tax, depreciation and insurance factors.

You can use the accompanying illustration to determine electrification potential. Two theoretical roads are dealt with as examples in the chart.

Apply appropriate figures from the operations on all or part of your road. By the process of finding the intersection of two lines, you can get an approximate idea of what returns a switch to electrification can produce.

The chart has been made from the various values of the constant factors to be considered. They have been determined from carefully prepared, conservative estimates as to investment costs, and from data relative to known maintenance and other operating costs. The information has been taken from a number of electrically-operated and diesel-operated railways.

The chart is not meant to be the final answer to the economic problems involved.

Works Two Ways

It simply serves as a general guide to show what traffic density presents economic possibilities, as well as where the traffic alone will not warrant the additional investment.

The financial return generally, may be expected to be greater than that indicated. This is because there are some operation factors which are more favorable with electrification, but which are not direct functions of traffic density.

Changing economic conditions may dictate calculation of a new family of curves showing the return. The general formula as set forth with the chart—with constants to suit the altered conditions—would still apply in getting an approximate solution.

Here's How the Electrification Formulas Are Worked Out

What are the factors that make railroad electrification the continuing topic of interest that it is? Why is one road better suited for a switch to electrified operations than another? What is the basis for expert opinion that electrification has a future?

H. F. Brown, former electrical engineer of the New Haven, is one person who believes contact systems can show worthwhile returns. With an associate, H. E. Marmaros, at the consulting engineer firm Gibbs & Hill, he has, in effect, reduced these questions to the accompanying family of curves. Mr. Brown and Mr. Marmaros presented their findings to the American Institute of Electrical Engineers last week at New York City.

Primary Considerations Weighed

The chart has been prepared from the fundamental concept that the return R on any increase in investment made for electric operation can be expressed, in per cent, in this equation:

$$R = \frac{\text{difference in operating costs and fixed charges}}{\text{difference in total investment}} \times 100$$

All the factors making up these differences may be expressed as functions of one or more of the following basic factors.

A. The miles of track to be considered as electrified to handle the required traffic. This determines the additional investment required for the contact line and any other costs related thereto, as well as the magnitude of the related maintenance and operating costs and fixed charges.

B. The number and capacity (or rating) of present motive power units, giving the total horsepower required to move the traffic with either diesel or electric motive power.

(A convenient unit for comparing the performance of various types of motive power is 1,000 continuous horsepower measured at the rim of the driving wheels. It is assumed in this discussion that the same number of 1,000 rhp units will be required to perform the same service at the same speed with either form of motive power.)

The difference in investment in motive power and the fixed charges thereon are determined by "B".

Density Factors Developed

C. The annual mileage made by the locomotive units as defined in B, above, in performing their work.

Motive power operating costs are determined by both B and C.

It appears possible therefore by making certain assumptions as to the values of A, B, and C, to arrange these in a formula such that the return *R* on the difference in investment between the two types of operation, electric versus diesel, is expressed by some combination of functions of A, B, and C, or $R = F(A, B, C)$.

These three factors determine traffic density.

The Difference in Investment

For electric operation, the investment involved consists of:

1. The cost of the contact system, (a function of A).
2. The cost of the power control and switching stations, (a function of A).
3. The cost of signal and communication changes, (a function of A).

—for YOU

4. The cost of the motive power, (a function of B).

For diesel operation, the investment consists of the cost of motive power only, (a function of B).

Let K_1 equal the cost per mile of all of the investment in 1, 2, and 3 above for electric operation and let K_2 be the difference in cost between diesel and electric motive power per 1,000 rhp unit.

Then the total difference in investment becomes $K_1A—K_2B$.

K_2 is negative because electric motive power should cost less than diesel on a rail horsepower basis—diesel engine horsepower is not the same as rail horsepower.

Estimates are available for the values of K_1 and K_2, and return is to be calculated on the difference in investment.

The Difference in Operating Costs

The major items of operating expense wherein substantial differences may be found as between the two methods of operation can be divided into two groups:

I. Favorable to Electric Operation

a. Locomotive maintenance expansion.
b. Engine house expense.
c. Lubrication expense.
d. Depreciation charges on motive power.
e. Taxes and insurance on motive power.

II. Unfavorable to Electric Operation

a. The operating and maintenance expenses of the contact system and associated facilities, as well as the depreciation charges thereon and any taxes.

In some states, additions and betterments made to fixed railroad property are not subject to direct taxation.

Soon, there will be one more major item of operating expense which will show a differential favorable to electric operation, namely, the cost of electric power versus the cost of diesel fuel oil. At the present time, in the United States, these costs are so very nearly equal for the usual load factors that this factor can be disregarded in the present discussion.

Energy cost trends, however, are significant. Fuel prices have increased, while electric power costs remain relatively constant.

Cost Analysis Shapes Up

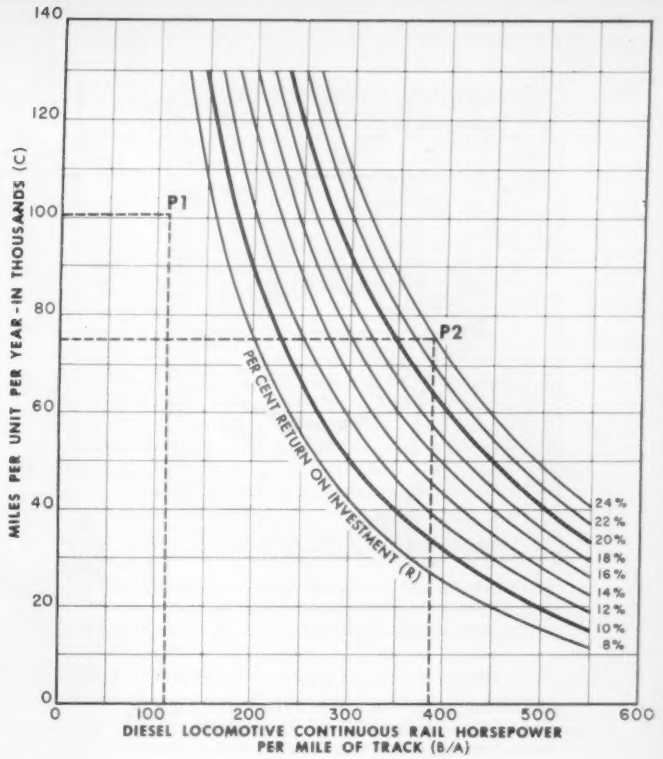
In combining and comparing all these costs, let K_D be the sum of the operating costs a, b, and c, enumerated above for diesel operation reduced to a "per 1000 rhp-mile" unit cost, and let K_E be the similar unit costs for electric operation. Also, let K_3 be the difference in these unit costs, which, considering both favorable and unfavorable factors, is always advantageous to electric operation: $K_3=K_D—K_E$.

The magnitude of the savings in these costs with electric operation is, therefore, the unit savings K_3 multiplied by the product of the number of units of motive power, B, and the annual mileage, C, or K_3BC.

It will cost a certain amount, annually, to maintain and operate the electric contact system and power supply control. Let K_4 be this cost per mile per year.

Applying this to the track mileage involved, the total annual cost of this item becomes K_4A. It must be subtracted from the operating savings K_3BC already indicated. K_4 is negative.

(*Continued on page 32*)



Road X—No; Road Y—Yes

Railroad X has a single track main line 400 miles long. Approximately 500 miles of track would require a contact system. This line is now operated by 40 1,750 hp (engine rating) diesels, each of which makes an average of 100,000 miles a year.

Should electrification be considered for this road? The answer appears to be "no". Here's why:

Rail horsepower per mile is calculated first. This is

$$\frac{40 \times 1{,}750 \times 82\%}{500}$$

or 115 rail horsepower per mile. On the chart, Figure 1, locate the point P_1 at the intersection of 115 rhp per mile, and the mileage, 100,000 per year. The point falls well below any of the curves on the chart which show per cent return on the additional investment.

Railroad Y has a double-track main line 900 miles long. Approximately 2,000 miles of track would require a contact system. The present road motive power assigned to the route consists of 625 diesels, averaging 1,500 hp each. The average annual mileage for each unit is 75,000. Electrification potential looks good.

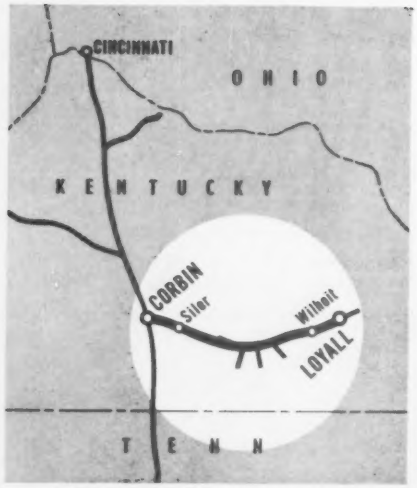
The rail horsepower per mile here is:

$$\frac{625 \times 1{,}500 \times 82\%}{2{,}000}$$

or 385 rhp per mile.

On the chart, this value of rhp per mile intersects the 75,000 annual mileage line at point P_2. That's very nearly 24% return on the electrification investment.

A detailed study of all the advantages of electrification seems to be indicated in this case, provided the present motive power is approaching the age for renewal, and provided electric power is available where needed along this railroad at a cost competitive with the cost of diesel fuel.



SECOND MAIN TRACK between Siler and Wilhoit was removed except for sections remaining as controlled sidings.

MAINTAINER CAN DRIVE right up to the instrument house over roadway where second main track was removed (left in picture).

CTC Quickens L&N Coal Line Pace

Heavy coal trains and back-shuttling empties kept the Loyall-Corbin line rumbling with steady traffic—but only eight hours a day.

Besides, it was time for a big tie and rail renewal job. So here's what the Dixie Line did.

This Cumberland Valley division between Loyall and Corbin goes through the eastern Kentucky bituminous coal fields, and is a major source of coal traffic. The 20 to 24 trains daily include one local passenger each way, two local freights each way except Sunday (they only go halfway from Corbin toward Loyall) and two fast freights each way. The remainder are coal trains—loads from Loyall to Corbin, and empties the other way.

Mine runs bring loads down to Loyall during the afternoon and early evening. They are made up into solid trains of 100-120 cars for movement to Corbin.

From here they go north to Cincinnati and Louisville, or south to Knoxville and Atlanta. Empties are moved to Loyall during the afternoon and evening so the mine runs can pick them up when they bring down loads, and return them to the mines for loading next morning. Thus the busiest time on the line is the second trick, 4 p.m. to midnight.

Double Track Was Idle

Traffic density studies on this line revealed that the double track was idle much of the time, particularly from midnight to 8 a.m., and also during much of the day. Redispatching studies, based on CTC operation on single track, showed that present and foreseeable traffic could be moved expeditiously, with a possible reduction in running time of some trains. A third factor in favor of CTC was that, by removing second main track, annual savings on track maintenance would be considerable. Also on this line considerable rail and tie renewals were due, which would be unnecessary or greatly lessened if one track were removed. Thus a decision was made to convert from double track to one main track with CTC.

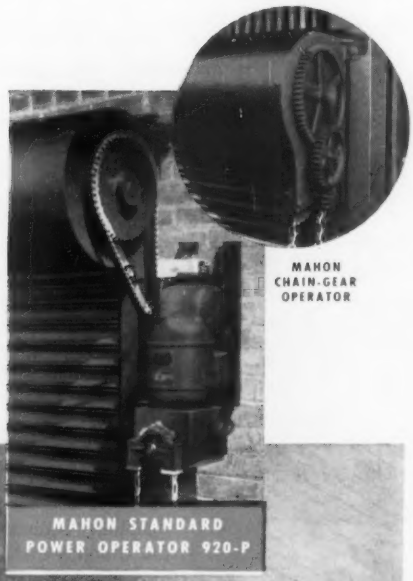
From Corbin yard, double track extends about three miles to Siler. From here single track extends 63 miles to Wilhoit, with 1.7 miles of double track to Loyall yards. From Siler to Wilhoit, 11 miles of the previous second track was left in place for seven sidings. These have the full complement of controlled signals and power switches. Another eight miles of the former second track was left for various industry spurs, and were equipped with hand-throw switches and electric locks. The spacing between passing sidings ranges from a four-mile minimum to a 14-mile maximum. Car capacity varies from 106 to 190.

Maximum authorized speed is 45 mph for passenger trains and 35 mph for freight trains. The track is 132-pound rail with crushed rock ballast. The line is at river grade, not over 0.5%, but has numerous

(*Continued on page 32*)

Rolling Steel Doors

Manually, Mechanically or Electrically Operated



In truck openings, loading dock openings, and railroad openings, in modern plants and warehouses where the time element and operating space requirements are primary considerations, the rolling steel door has no equal . . . because, a quick-opening, quick-closing, power operated rolling steel door saves both time and space. The vertical roll-up action is fast—requires no usable space either inside or outside the opening. And there are no overhead tracks or other obstructions to restrict headroom and interfere with crane handling or stacking of goods or materials adjacent to the door opening. No other type of door can give you this space-saving compactness in operation . . . and no other type of door can give you the positive security, firesafety and permanence inherent in a good rolling steel door. The all-metal construction of a rolling steel door reduces maintenance to a negligible factor, and assures you a lifetime of continuous, trouble-free service. When you buy a rolling steel door, it will pay you to check specifications carefully . . . you'll find that Mahon doors are built better to give you better service over a longer period of time —for instance, the galvanized steel in Mahon curtain slats is BONDERIZED and DIP-COATED with Synthetic Enamel which is baked on at 350° F. prior to roll-forming. This is just one of the extra-value features of Mahon Rolling Steel Doors . . . comparison will disclose many others that add up to a much better door investment. See Sweet's Files for information or write for Catalogue G-57.

THE R. C. MAHON COMPANY • Detroit 34, Michigan

Sales-Engineering Offices in Detroit, New York and Chicago • Representatives in Principal Cities

Manufacturers of Rolling Steel Doors, Grilles, and Automatic Underwriters' Labeled Rolling Steel Fire Doors and Fire Shutters; Underwriters' Rated Fire Walls; Insulated Metal Curtain Walls; Electrified M-Floors; Acoustical and Troffer Forms; and Steel Roof Decks and Long Span M-Decks.

ROLLING STEEL DOORS, SHUTTERS AND GRILLES TO MEET EVERY REQUIREMENT

Shown above are Eight of Thirty-four Mahon Rolling Steel Doors installed in a new, modern building for the Giant Food Distribution Center, Landover, Maryland. Eighteen of these doors were installed in Double Truck Openings and Four in Railroad Openings. Stanford Construction Company, Inc., General Contractors.

MAHON

HERE'S WHAT THE JOB COST:

Signal work — $1,287,895; track work — $276,000; total—$1,563,895.

HERE'S WHAT THE L&N SAVED:

Salvage of rail and ties, etc., on the 44 miles of track removed—$1,536,000.

ADD THEM TOGETHER AND YOU GET:

An estimated net cost of $27,895.

WITH THIS ADDED DIVIDEND:

Annual operating expenses trimmed about $170,330.

(*Continued from page 30*)

curves, many ranging up to six or eight degrees, and several as high as 10 degrees, or over.

How It Operates

When a train in Loyall yard or in Corbin yard is ready to depart, the yardmaster presses a pushbutton which rings a single-stroke bell and lights a lamp on the CTC control machine at Corbin. Thus the dispatcher knows that when he clears the signal, the train will be there to accept it and depart promptly. This is in addition to the conventional annunciator track circuit.

The CTC control machine is in an air-conditioned office in Corbin. It is of the conventional type with a track diagram, indication lamps, and switch and signal levers with associated indication lamps. Two track-occupancy lamps are used for each siding-to-siding block.

The dispatcher's pushbutton telephone selector panel was incorporated into the CTC machine panel, as is a loudspeaker connected to the message, dispatch and CTC code line. Normally a train crew calls in on the dispatcher's circuit, which comes into his panel. Double-pole, double-throw switches in the wayside pole boxes or telephone booths connect the phone to either the dispatch or the message circuit. Station agents call him on the message circuit. The signal maintainers normally call the dispatcher on the code line. A voice-actuated relay in the control machine responds to the maintainer's call, sounding a buzzer and lighting an indication lamp on the panel. When the dispatcher raises the maintainer's call toggle, and codes out to a particular location, a single-stroke bell inside the bungalow sounds, and a lamp on the outside of the bungalow is lighted. Thus if the maintainer is working inside the bungalow, he receives an audible indication that the dispatcher wants to reach him.

The installation was engineered by the L&N signal department under P. P. Ash, superintendent communications and signals. Installation work was done by signal department construction forces directed by H. L. Petty, assistant signal engineer, construction (since deceased). The major items of signalling equipment were furnished by the Union Switch & Signal Division of the Westinghouse Air Brake Company.

Electrification May Have a Future for You

(*Continued from page 29*)

Fixed Charges Against Operation

Statistical data is available for the determination of the value of K_3 and K_4.

The depreciation charges for motive power are under ICC accounting procedure an annual charge against operating expense. Since electric motive power is known to have a longer economic life than diesel power, and since the investment is less for the same total horsepower, the depreciation charges will be substantially less with electric motive power.

Taxes on both types of motive power are generally based on the average valuation over the life. These will also be less with electric operation, since the rate would be the same with either type of motive power, with a smaller investment for the electric. Any insurance factor could also be included in this differential.

If K_5 is the total differential in these costs for motive power, this factor becomes K_5B. From this must be subtracted the similar charge for depreciation (and taxes, if any), against the investment in the line facilities.

Let K_6 be the sum of depreciation, taxes and insurance charges against the line investment per mile. This factor then becomes K_6A.

The determination of K_5 and K_6 can be made from known values and rates.

For the same service, i.e., the same ton-miles moved per year at the same speed, the total savings with electric operation becomes:

$$K_3BC - K_4A + K_5B - K_6A, \text{ or:}$$
$$K_3BC + K_5B - (K_4 + K_6)A.$$

The per cent return on the investment then becomes

$$R = \frac{K_3BC + K_5B - (K_4 + K_6)A}{K_1A - K_2B} \times 100.$$

Since data is available for determining the values of K_1, K_2, K_3, K_4, K_5, and K_6, it now becomes possible by using D and $\frac{B}{A}$ as coordinates to show R graphically for various values of A, B, and C.

NEXT WEEK:

- M/W Machines Take on Another Job
- Tonnage Ratings with a Digital Computer
- Quinn of the Milwaukee

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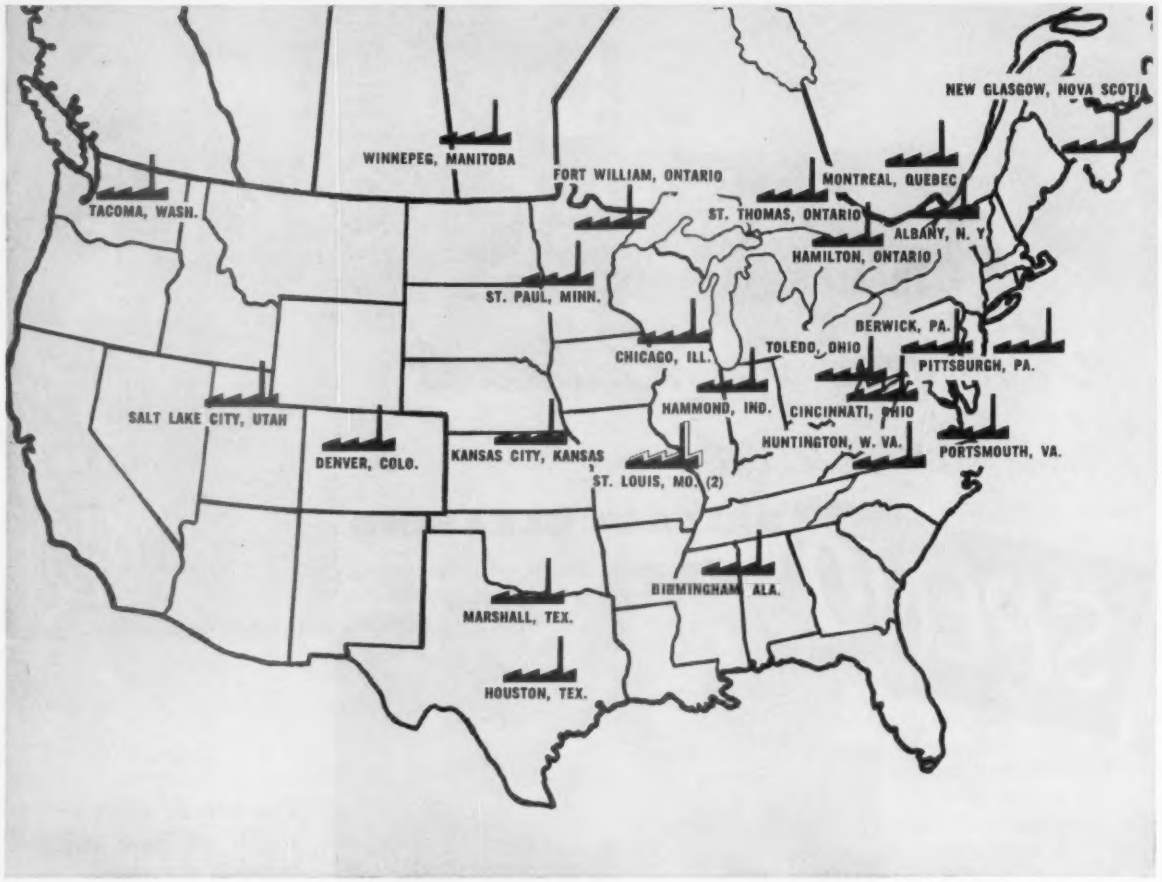

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MARKET OUTLOOK *at a glance*

Loadings in February 1 Week Totaled 550,426

Loadings of revenue freight in the week ended February 1 totaled 550,426 cars, the Association of American Railroads announced on February 6. This was a decrease of 241 cars compared with the previous week; a decrease of 97,546 cars, or 15.1%, compared with the corresponding week last year; and a decrease of 130,563 cars, or 19.2%, compared with the equivalent 1956 week.

Loadings of revenue freight for the week ended January 25, totaled 550,667 cars; the summary, compiled by the Car Service Division, AAR, follows:

REVENUE FREIGHT CAR LOADINGS
For the week ended Saturday, January 25

District	1958	1957	1956
Eastern	87,027	113,512	120,555
Allegheny	101,149	132,329	140,559
Pocahontas	48,077	59,707	58,900
Southern	106,950	123,400	130,278
Northwestern	62,557	72,050	76,123
Central Western	100,679	111,770	111,697
Southwestern	44,228	52,997	53,738
Total Western Districts	207,464	236,797	241,558
Total All Roads	550,667	665,745	691,850
Commodities:			
Grain and grain products	51,506	51,203	46,366
Livestock	5,448	5,635	7,735
Coal	116,364	141,303	145,549
Coke	6,891	13,526	14,136
Forest Products	35,410	39,327	43,699
Ore	16,334	20,143	18,868
Merchandise l.c.l.	44,720	54,179	60,270
Miscellaneous	273,994	340,429	355,227
January 25	550,667	665,745	691,850
January 18	572,353	657,269	699,286
January 11	569,444	680,766	710,338
January 4	471,749	561,201	611,299
Cumulative total, 4 weeks	2,164,213	2,564,981	2,712,773
	1957	1956	1955
December 28	410,022	487,546	570,412

IN CANADA.—Carloadings for the seven-day period ended January 21 totaled 66,707 cars, compared with 67,168 cars for the previous seven-day period, according to the Dominion Bureau of Statistics.

	Revenue Cars Loaded	Total Cars Rec'd from Connections
Totals for Canada:		
January 21, 1958	66,707	30,143
January 21, 1957	73,629	31,433
Cumulative Totals:		
January 21, 1958	184,016	81,697
January 21, 1957	173,980	78,307

New Facilities

► *Baltimore & Ohio.*—Will install centralized traffic control on 54 miles of single track between Mitchell, Ind., and North Vernon. B&O will also install CTC between Gilkeson, Pa., and Glenwood Jct. Formerly double-tracked, 13.5 miles of second main track and two miles of side track are to be removed as part of this installation.

► *Burlington.*—Will complete this year new $3-million freight house at Berwyn, near Chicago. New facility, designed to increase efficiency in handling merchandise traffic, is expected to produce yearly operating savings estimated at $185,000. Modern classification yard nearing completion at Cicero, also near Chicago, will produce estimated annual operating savings of $750,000 on investment of about $4 million. Terminal will handle freight cars about 3½ hours faster than present facility.

► *Canadian National.*—Awarded contract to Atlas Construction Company, Fredericton, N.B., for first phase of new $15,000,000 electronic classification yard at Moncton, N.B. Contract calls for clearing and grubbing 810-acre site. Atlas is scheduled to finish its work in early April. Yard, when completed, will accommodate 4,248 cars. It will be able to receive and dispatch 2,000 cars daily.

► *Lake Superior & Ishpeming.*—Motorola equipment has been selected by this road for its first two-way radio communications installation. The LS&I, 110th railroad to be equipped with Motorola radio, is installing radio in five engines, a base station and an automobile. The mobile equipment is the new 64-volt "Stan-Pac" design permitting operation direct from the diesel battery.

► *Louisville & Nashville.*—Ordered centralized traffic control equipment from Union Switch & Signal division of WAB Co. to control and consolidate the Black Creek, Bowl Yard, AX and FY interlockings at Boyles, Ala.

► *New York Central.*—Installed Motorola two-way radio in yards at Indianapolis, Ind., including 7 base stations, 25 engine units, 14 portable pack sets, 5 portable radio transmitters; and on 4 wreckers and in one automobile.

► *Rio Grande.*—Major improvements for 1958 (estimated costs in parentheses) will include: 45-mile CTC installation on Royal Gorge route through Tennessee Pass; 15 miles of new 119- and 133-lb rail, including two stretches of welded rail ($786,450); line relocation near Maxwell, Utah, to reduce curvature from maximum 8-deg to 3-deg, 10-min ($366,110); track changes in yards, siding and industry tracks ($339,660); improvements to shop buildings and facilities and new shop equipment, including scientific instruments for use in nuclear studies and other research ($368,940); new fueling facilities ($103,510); and purchase of work equipment ($236,510).

► *Southern Pacific.*—Will install two-way radio equipment on 81 road locomotives, 127 cabooses and 11 locomotives used in San Francisco-San Jose commuter service. Car repairmen at Roseville are to have 18 walkie-talkies for their work; car inspectors at Ashland will have 3 walkie-talkies. One Fairmont Hy-Rail car is to be equipped with a walkie-talkie.

a RAILWAY AGE time-saver page

Truckers to Fight RR Proposals

(*Continued from page 13*)
port is a new legislative recommendation of the railroad industry. Thus, trucker opposition to it is not yet on the same formal and organized basis as the shall-nots fight. That opposition of like intensity is there, however, is evident from pronouncements of trucking industry leaders.

One of them has said that to trust the future of truck transportation to railroads would be like expecting safe delivery of lettuce by rabbits. He also said railroads could not be expected to develop other forms of transport because of their investment in rights-of-way and rolling stock.

Restrictions which railroads want removed are in the Interstate Commerce Act's Section 5 which covers acquisition by one carrier of another. They stipulate that, when a railroad or railroad affiliate is acquiring a truck line, there must be a special showing to the effect that the railroad can use motor carrier operations to advantage in its rail operations.

The ICC has complied with these special-showing provisions by imposing its so-called tie-to-rails conditions. These are designed to insure that trucking operations acquired by railroads are made auxiliary to rail service. No like restrictions are found in the act's Section 207, which provides for issuance of trucking certificates for new operations on showings of public convenience and necessity.

The commission has nevertheless imposed tie-to-rails conditions in most of the Section 207 cases which involve railroads. Exceptions have been very few, and they have been supported by evidence of special circumstances.

ATA spokesmen maintain that coordinated rail-motor operations should be developed under joint-rate and through-route arrangements between railroads and truckers. On this score, too, they will probably have ICC support. Discussing the subject in recent speeches, some commissioners have indicated their preference for the joint-rate approach.

Truckers are expected also to oppose the railroad call for adequate user charges on publicly provided transport facilities. They think present truck taxes and fees amount to more than adequate user charges.

Meanwhile, truckers are lined up with the railroads and other interests in calling for repeal of the excise taxes on for-hire transportation. They will also favor the proposal to give the ICC power to override state commissions to permit abandonment of unprofitable intrastate rail services. And, probably, they will not oppose the railroad tax-relief recommendations.

Other railroad recommendations to the subcommittees would sharpen the act's definition of private carriage, and limit the scope of the so-called agricultural exemptions.

The for-hire segment of the trucking industry will probably support legislation along these lines, if not precisely what the railroads want. Other segments may oppose it.

British Try High-Horsepower Hydraulics

First unit delivered in a British Railways program calling for building 174 main line diesel locomotives was this 2,000-hp diesel-hydraulic. It is shown coming out of the builder's plant in December. North British Locomotive Company of Glasgow, Scotland, built the 129-ton locomotive, to be followed by other similar units.

New Haven Faces Another Proxy Fight

Another proxy fight for control of the New Haven seems to be in the offing.

Appointment of an "operation expert" as president and general manager of the road has been demanded by certain banking and investment interests.

The demand to replace George Alpert, incumbent president, came from a group which claims to have large holdings of the railroad's preferred stock. The group's spokesman is J. Douglas Casey, president of the Chicago banking concern, A. C. Allyn & Co.

Mr. Casey says "deterioration of the New Haven has reached the point where immediate action is mandatory." Changes in the road's management proposed by his group have been forwarded to the New Haven directors.

The group has asked immediate reorganization of the New Haven's board. Such a reshuffle would, it claimed, give representation to "presently unrepresented" preferred and common stockholders.

"Should you not comply with the foregoing recommendations," said the group's notice to the present management, "we are prepared to take action to enforce the rights of ourselves and all other unrepresented stockholders."

Mr. Casey's group reportedly would retain Mr. Alpert as chief executive officer of the railroad.

TOFC Freight Can Ride Box Cars; Has Big N. Y. Terminal

The Interstate Commerce Commission will approve railroad tariff rules providing for the substitution of regular freight service for piggyback service. It said so in a report on proposed rules applying to shipments between points in the West and Southwest.

In another recent decision, the commission staked out a big New York City terminal area for piggyback operations of railroads terminating on the New Jersey side. It found that motor operations of the Lackawanna and Erie in the transportation of piggyback freight between their Jersey railheads and points in the Borough of Queens is bona-fide railroad collection and delivery service which may be performed without a certificate under the Motor Carrier Act.

In the substitution case (I&S No. 6649), the protestants were railroad competitors who alleged that the proposed rules would

(*Continued on page 39*)

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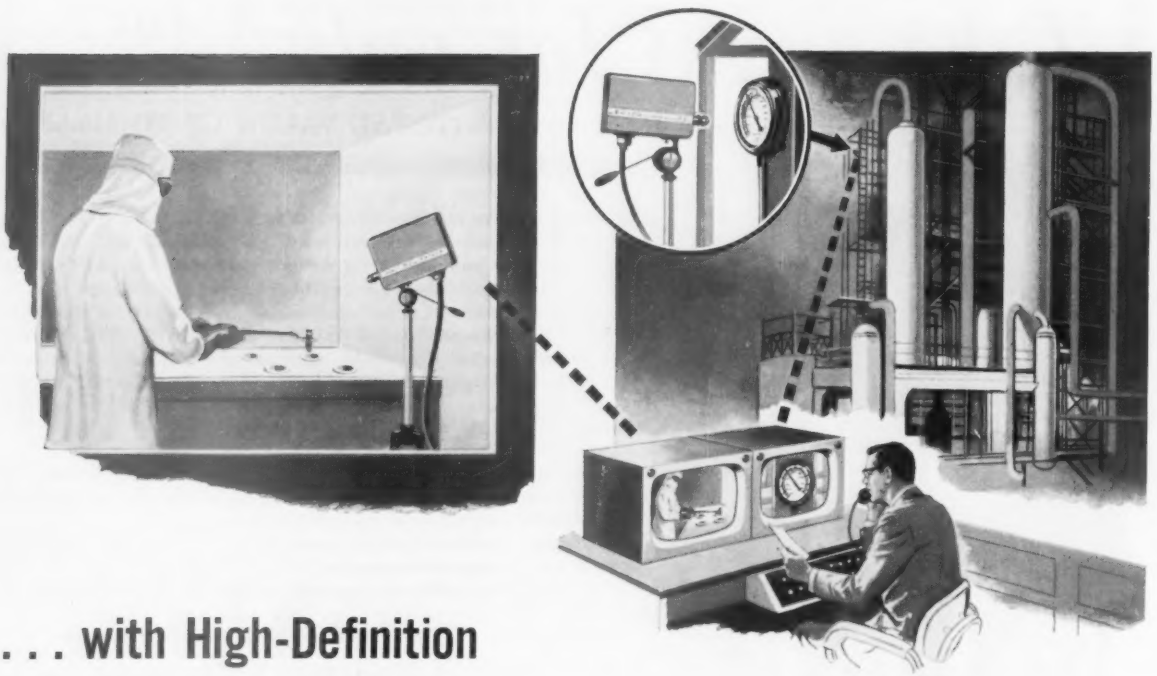

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(*Continued from page 36*)

result in "disregard of the rights of shippers." No shipper appeared to complain, the commission noted. It did not approve the rules as proposed, but set out a modified version which it will approve.

The rules are designed to conserve piggyback equipment by permitting overflow trailer freight to move in regularly scheduled merchandise box cars, and through use of such cars for handling part lots of trailer shipments for partial loading or unloading at intermediate stations. They will also permit the use of box cars for entire trailer shipments when a temporary shortage of trailer equipment or flat cars occurs.

The commission's report was by Division 2, and it represented the view of Commissioners Freas and Winchell. Commissioner Murphy, dissenting in part, did not favor letting the rules cover use of box cars for entire trailer shipments.

The terminal-area case (No. 31979) involved a Long Island complaint against the Lackawanna and Erie. The complainant wanted to have the defendants' piggyback service to and from Queens on a joint-rate basis with itself as a participant.

The commission had previously found that the boroughs of Manhattan, Brooklyn and the Bronx were within the terminal areas of Jersey roads for purposes of piggyback operations. It indicated that its present determination as to Queens was a logical follow-through.

$2,250 in Prizes Offered For Essays on Freight Rates

The New York Railroad Club has announced an essay contest with first prize of $1,500 and a second prize of $750.

Contestants must be teachers of economics or of some branch of transportation at a North American College of full academic standing. Teachers in off-shore colleges also are eligible.

Essays should answer the following question: "In view of the competition in the transportation industry, what principles now used in establishing railroad freight rates should be changed, and how should they be changed?"

Winning papers will be published in pamphlet form by the club. Authors, however, will retain the right to publish them in learned reviews.

Contest judges are John M. Clark, professor emeritus of economics, Columbia University; Paul T. Homan, professor of economics, University of California at Los Angeles; and Ernest T. Williams, Jr., professor of transportation, Columbia University graduate school of business.

Papers must be received by the club not later than next October 1. Inquiries should be addressed to John Burry, executive secretary of the club, 30 Church Street, New York 7.

People in the News

Kirby Succeeds Young As Alleghany Chairman

Allan P. Kirby has been elected chairman of the Alleghany Corporation to succeed the late Robert R. Young. Mr. Kirby, who will continue as Alleghany president, also will serve as chairman of its executive committee, a new post.

Other members of the committee are Thomas J. Deegan, an Alleghany vice-president and director since 1954, and Henry J. Guild, a director since 1939. Mr. Deegan, a former Chesapeake & Ohio vice-president, resigned as New York Central vice-president staff last June.

Mr. Young, at the time of his death, was also chairman of the Central, which he had controlled through Alleghany. No one has been elected to succeed him in that post.

ATLANTIC COAST LINE.—Thomas Fuller, assistant to president, will represent the operating and traffic departments at Washington, D.C., and will continue to report to the president on executive matters as heretofore.

P. H. Powell, trainmaster, Richmond district, Rocky Mount, N.C., retired January 31.

BALTIMORE & OHIO.—F. R. Geiselman, assistant mechanical engineer, Baltimore, Md., appointed mechanical engineer there, succeeding **A. B. Lawson,** retired.

BURLINGTON.—Forrest S. Carlson, traveling passenger agent, Chicago, promoted to division passenger agent, Galesburg, Ill.

W. H. Klinsick, fire prevention engineer, Chicago, retired. **R. B. Digison,** fire inspector, insurance department, Chicago, appointed insurance engineer, handling insurance and fire prevention matters.

Arthur W. Lavidge, vice-president and comptroller, Chicago, retired February 1 after more than 52 years' service. **Ralph C. Smith,** general auditor, Chicago, named comptroller.

DETROIT, TOLEDO & IRONTON.—E. H. McCauley, comptroller, Dearborn, Mich., elected vice-president accounting, a newly created office, and his former position abolished. **J. W. Donahue,** assistant comptroller, appointed general auditor; **R. C. Courtney,** assistant to comptroller, named assistant general auditor, newly created positions; their former positions abolished.

ELGIN, JOLIET & EASTERN— George E. Gnadt appointed manager—divisions; **Harold R. O'Brien,** assistant traffic manager; **Dwight W. Anderson,** assistant general freight agent, all with headquarters at Chicago.

Paul T. Moran, vice-president, Chicago, retired January 31.

INTERSTATE COMMERCE COMMISSION.—The Senate has confirmed President Eisenhower's reappointments of Commissioners **Anthony F. Arpaia** and **Rupert L. Murphy** for new seven-year terms ending December 31, 1964; and the appointment of **Abe McGregor Goff** for the remainder of a term expiring December 31, 1959. Mr. Goff succeeds **Owen Clarke** who resigned to become a vice-president of the Chesapeake & Ohio.

NEW HAVEN.—Charles E. Williams, executive representative-staff, Boston, retired January 1.

NEW YORK CENTRAL.—Charles E. Defendorf, assistant chief engineer, Chicago, appointed chief engineer, New York, succeeding **Foster H. Simpson,** who retired February 1.

Bert L. Strohl, mechanical superintendent, New York, named division superintendent, River and New York Terminal divisions and marine department, succeeding **Charles B. Fleming.** Mr. Fleming's appointment as acting general manager, New York district, was reported in Railway Age, Dec. 2, 1957, p. 62.

Lowell W. Probasco, industrial engineer, Cleveland, named assistant transportation superintendent, Charlestown, W. Va. **J. M. Gilmore** named division engineer, Indianapolis.

Joseph J. Trifero, assistant freight sales manager, Boston, appointed freight sales manager there. **Kenneth L. Guyton,** division freight sales manager, Springfield, Mass., and **Carl E. Wallquist,** assistant chief clerk, Boston, named assistant freight sales managers, Boston. **Robert J. Mullins,** New England freight sales manager, Boston, succeeds Mr. Guyton. **John E. Norwood,** perishable freight sales manager, Chicago, appointed assistant freight sales manager, Detroit, succeeding **Leo A. Ordick,** retired. **Oscar J. Steinhardt,** division passenger sales manager, Detroit, named assistant passenger sales manager, Northern district, at that point.

Elmer G. Westerman, assistant to auditor freight revenues, Detroit, named assistant auditor of freight revenues.

J. S. Fadale appointed master mechanic, Buffalo division, Buffalo, N.Y.

Frank K. Mitchell, Jr., division superintendent, Indiana division, Indianapolis, Ind., transferred to Buffalo, N.Y., succeeding **Harry D. Johnston,** retired. **John J. Danhof, Jr.,** division superintendent, Watertown, N.Y., transferred to St. Thomas, Ont., succeeding **Wilbur F. Davis,** who replaces Mr. Mitchell at Indianapolis. Position of assistant general manager, Northern district, Detroit, abolished, and **Edwin H. O'Keefe,** who has held that post, named district transportation superintendent, Detroit, succeeding **William H. Shearer,** appointed division superintendent at Watertown.

Thomas R. Fitzpatrick, assistant vice-president, freight sales and service, NYC system and **Pittsburgh & Lake Erie,** Pittsburgh, appointed vice-president, P&LE at that point. **Frank P. Soen,** freight sales manager, NYC and P&LE, appointed assistant vice-president, freight sales and service for both roads at Pittsburgh.

PENNSYLVANIA.—J. Ralph Brown appointed passenger sales representative, Fort Wayne, Ind., succeeding the late **Robert E. Cook. Rudolph G. Lange** named district sales manager, Milwaukee.

Ralph C. Smith
Burlington

Charles E. Defendorf
NYC

Thomas R. Fitzpatrick
NYC

Frank P. Soen
NYC

Wis., to succeed **Lawrence J. Logsdon**, transferred to Philadelphia. Mr. Logsdon succeeds **John D. Deming**, transferred to Pittsburgh. **William E. Sterf**, manager of livestock sales and services at Richmond, Ind., appointed district sales manager, Wilkes-Barre-Scranton area, succeeding Mr. Lange.

Gerald G. Degnan, assistant to comptroller, Philadelphia, appointed assistant comptroller there, succeeding **Harold F. Kraft**, retired.

L. W. Hayhurst appointed supervisor-communications and signals, Northwestern Region Chicago.

QUANAH, ACME & PACIFIC.—Ralph G. Campbell, general agent, San Francisco, retired January 31 because of ill health.

SEABOARD.—A. P. Courvoisie, district freight agent, Plant City, Fla., retired January 31.

SOUTHERN PACIFIC.—C. A. Ball, Jr. appointed first assistant manager of personnel, San Francisco, succeeding **E. A. McDowell**, promoted to assistant to vice-president, with responsibility for handling the position evaluation and salary administration program. Mr. McDowell also will have jurisdiction over the employment department, which is being transferred to the executive department.

Ethan J. G. Allen, valuation engineer, San Francsico, advanced to valuation officer there, to succeed **Chester R. Tinkler**, retired. **Jack E. Hebbron** named valuation engineer.

SPOKANE, PORTLAND & SEATTLE.—J. M. Budd elected president; **R. S. Macfarlane** and **L. W. Albertson**, vice-presidents; **H. F. May**, secretary; **T. L. Padden**, treasurer; **C. E. Broeder**, comptroller; **A. M. Gottschald** and **R. M. O'Kelly**, assistant secretaries.

TEXAS & PACIFIC.—Frank Wilson, assistant to vice-president—traffic, promoted to executive assistant to vice-president—traffic, Dallas, Tex. **F. R. LaCroix**, chief clerk to vice-president—traffic, named assistant to vice-president—traffic. **L. P. Vinet**, general agent, New Orleans, appointed assistant freight traffic manager, Dallas. **R. W. Gaines**, assistant general agent, Fort Worth, succeeds Mr. Vinet as general agent at New Orleans.

UNION PACIFIC.—T. F. Shanahan, special representative in the office of vice-president of operations, Omaha, named superintendent, Nebraska division.

OBITUARY

James C. Simonton, 84, who retired in 1940 as assistant to traffic vice-president, **Northern Pacific**, died January 22 at Minneapolis, Minn.

Louis J. Ahlering, 66, vice-president of purchasing, **Chicago & Eastern Illinois**, died January 27 at Danville, Ill.

Walter E. Boyter, 68, statistician, **Illinois Central**, died recently in St. George's Hospital, Chicago.

A. H. Petersen, superintendent of car department, **Belt Railway of Chicago**, died February 3.

Canada's Firemen Fight 'Exile'

(Continued from page 10)

decided to take a firm stand on an issue that many roads had flirted with, but never with much success. The road proposed to have an engineer operate a switch engine alone; eliminate the fireman from the three-man crew of a road freight diesel (where the engineer is assisted by a head-end brakeman), and continue the fireman as the engineer's only partner in passenger diesels.

The union fought the move—and between June and November 1956 a conciliation board heard 4,300 pages of evidence, finally rendered a decision in favor of the railroad. But the stand-pat union rejected the board's findings, and struck on January 2, 1957. The strike cost the CPR $14,000,000 in revenues, and its employees $7,500,000 in lost wages. It ended only when both sides agreed to submit the deadlocked issue to a Royal Commission.

The commission—composed of Justice Roy L. Kellock of the Supreme Court of Canada as chairman, Chief Justice Campbell C. McLaurin of the Trial Division of the Alberta Supreme Court, and Justice John Martineau of the Quebec Province Court of the Queen's Bench—tackled the question last March. For the rest of the year the commission roamed all over Canada collecting testimony and inspecting both yard and road operations, even traveled last fall to Europe (where the three jurists were impressed to find that one-man diesel operation was the rule rather than the exception).

On its part, the CPR sought to show how, beginning with its first large scale purchase of diesels in 1941, the job of the locomotive fireman had drastically changed. How his historical task of tending the boiler, firebox and lubricator had dwindled to the job of "assisting the engineer" and, in passenger units, keeping an eye on the remote controls of the steam generator.

The BLF&E countered with the charge that the railroad was "counting dollars against safety." The union marshaled a long line of witnesses in an effort to show that the fireman was an indispensable second pair of eyes for the diesel engineer. It also stressed the importance of training firemen to step into the shoes of engineers.

Last summer the BLF&E's Gamble praised the Royal Commission for the "impartial and thorough" manner in which it was conducting the hearings. Last week Mr. Gamble took the attitude that the members of the commission were more to be pitied than censured.

Said Mr. Gamble: "The commission was made up of honest and sincere men. But they had a job too big for them to do in the time they had to do it. This is a quite complex situation. You've got to work at the job to know it."

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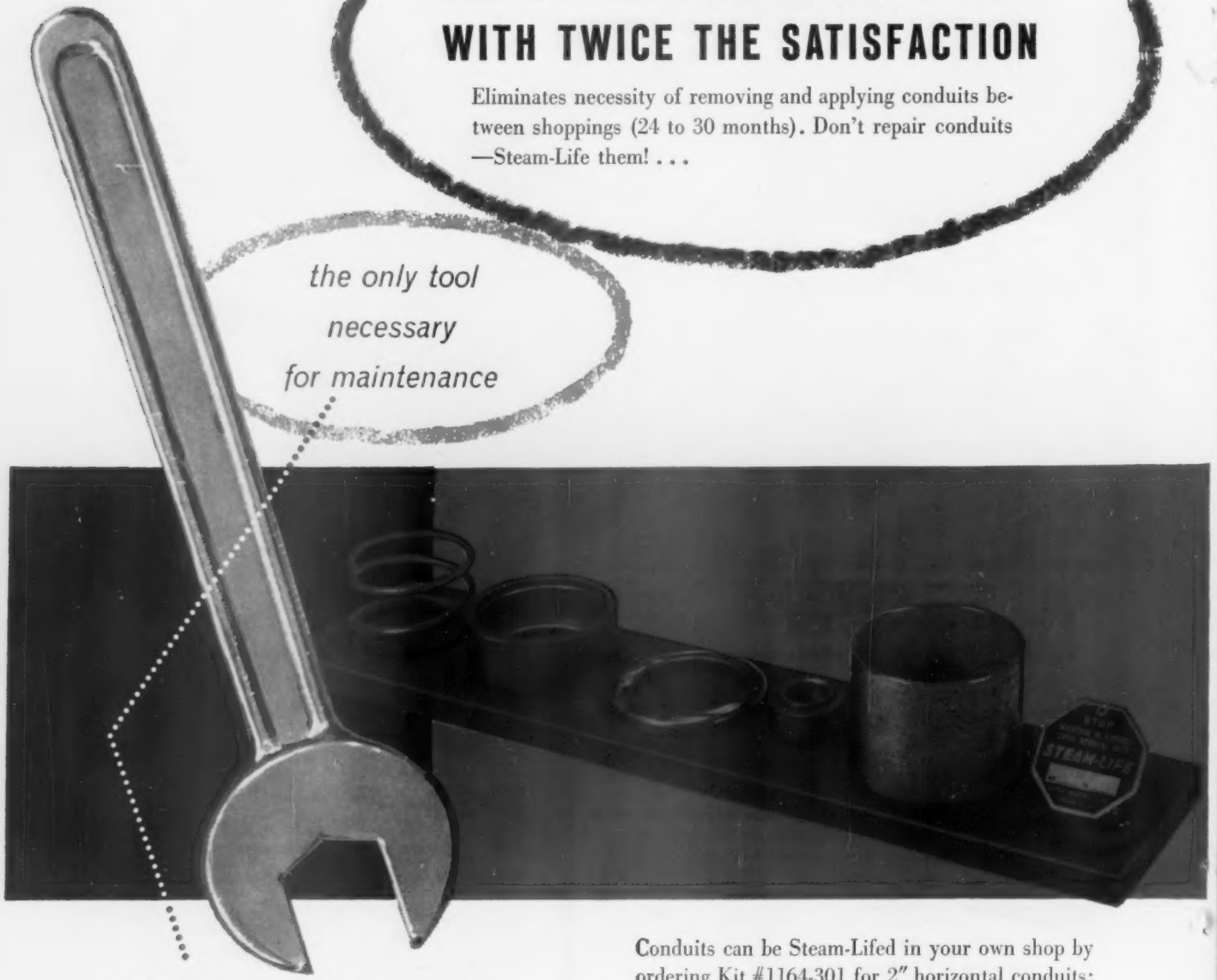

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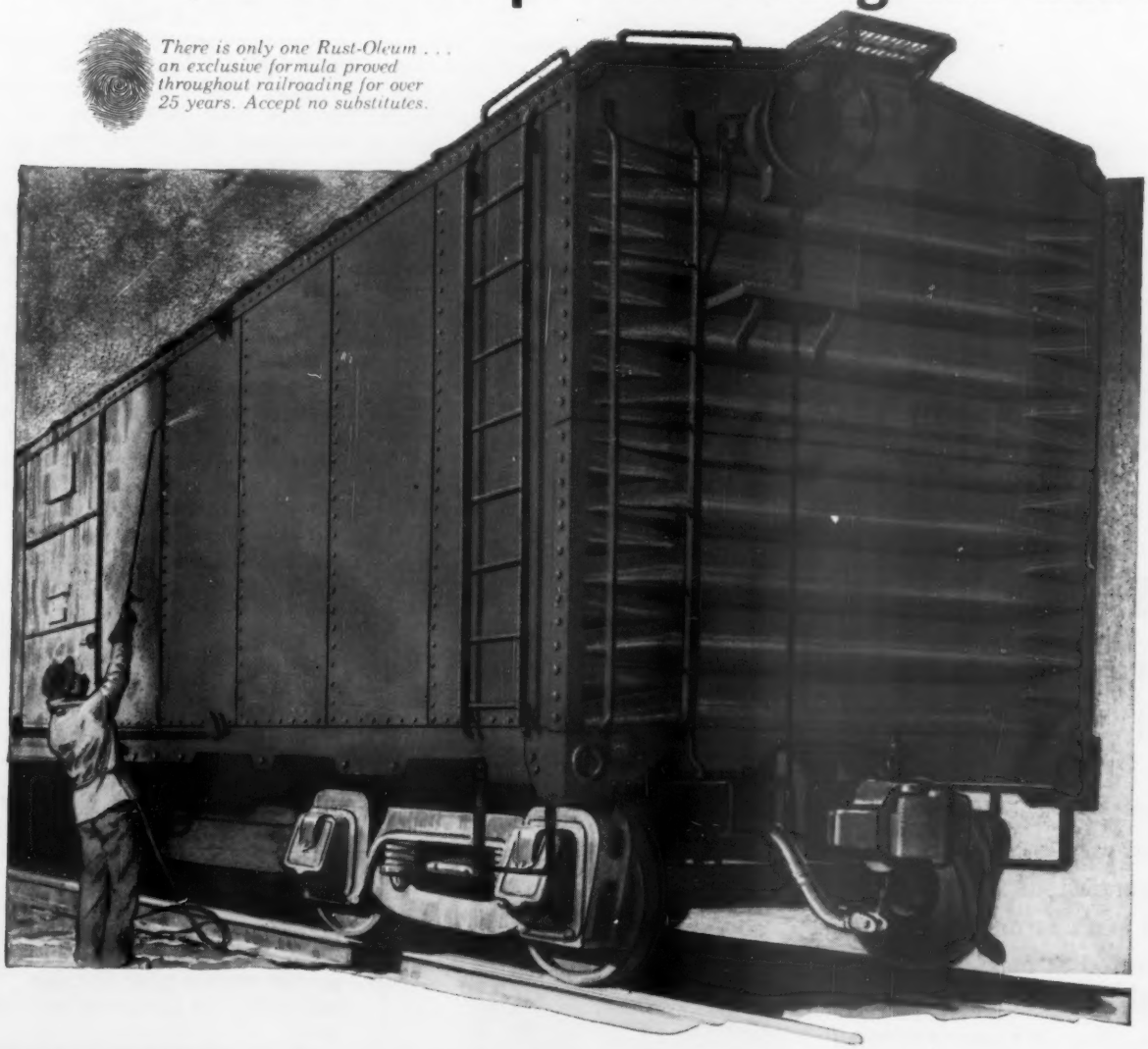

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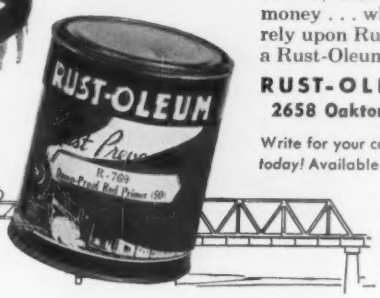

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What About Private Capital Leases?

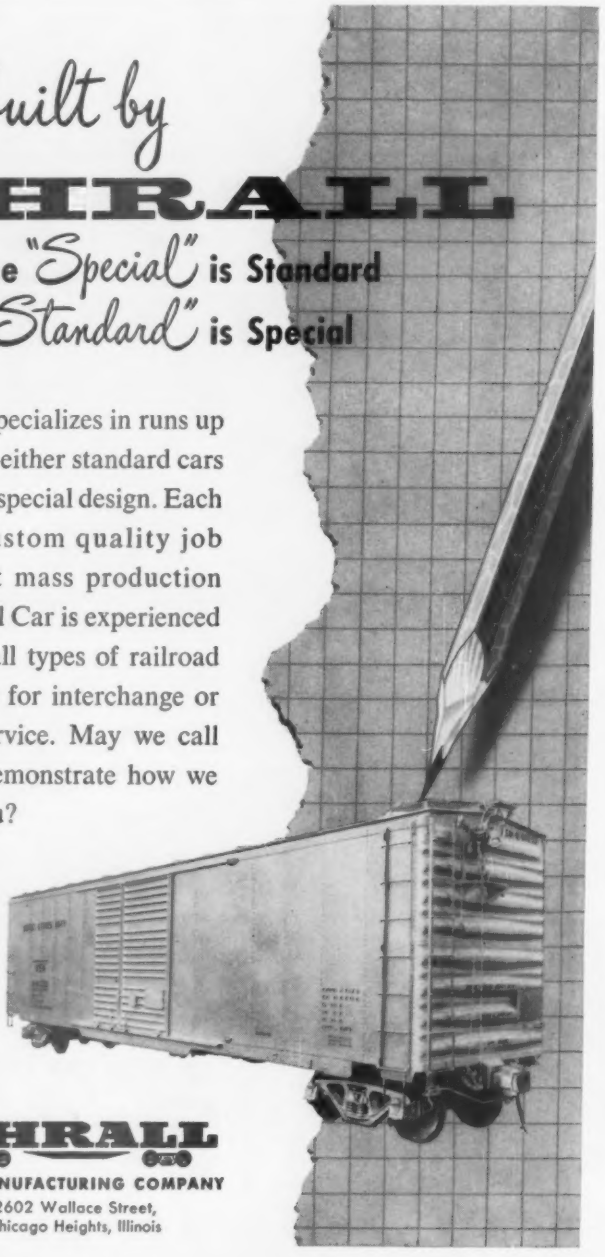
(*Continued from page 23*)

opposition has been voiced in meetings of such organizations as the Transportation Association of America and some shipper boards. Officers of several railroads have been distinctly cool toward the plan, though outright opposition has seldom been expressed.

The National Industrial Traffic League will discuss the proposal at a special meeting in Chicago this week.

The principle of leasing—government or private—is reported to bring objections from holders of mortgage bonds, on the theory that leasing lessens the security behind the mortgage since leased equipment never becomes the property of the railroad. One leasing company notes a certain amount of sales resistance to lease proposals—but it writes the opposition off as railroad reluctance to try something new rather than objection to the lease idea itself.

Lessors remain confident of the future of their operation. Leasing, one comments, is nothing new—the only really new feature connected with it "is its growth and use by very large corporations." And Equitable, perhaps prophetically, noted several years ago that "the full story of the purchase and lease of railroad equipment is still to be written."



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I've Run into a Stone Wall on Taxes

(*Continued from page 19*)

worthwhile to do an article on "Forty-Eight States of Carrier Taxation." Or the lack of it. If state taxing authorities need more income, why not look for sources that are not now paying their share?

"Why," I asked, "should a few states like New York and Oregon be the only ones to charge highway users on the basis of highway use?"

In the past two years legislation was proposed to enact some type of "pay-as-you-go" weight-distance tax in about 20 states. In only a few was the legislation adopted, chiefly because of the highly organized and effective opposition of the trucking industry. And there is a vigorous, heavily backed effort on the part of this same group to kill weight-distance taxes where they now exist. This is a powerful campaign; it may succeed in spite of the fact that both New York and Oregon report highly favorable results from the highway tax.

Would-Have-Been Story

But this is getting ahead of myself That story will be the subject of the article on carrier taxation when it finally appears. Our present plan is to compare state taxes on rail carriers with those on highway carriers—making clear the distinction that railway taxes go entirely for general governmental expenses, whereas most so-called "highway" taxes are earmarked for highway use.

A uniform tax structure for railroads would help equalize things, it seems to me.

A uniform weight-distance tax structure for highway users would be a major step toward establishing true competitive shipping costs. Our story should show how two states benefit from revising their highway tax structure and suggest how the same benefits could be obtained for other states.

Well, there you have it. The story behind the story I didn't write. Taxes are still taboo in polite circles. But, if it's done right, there is something to be said for breaking taboos. I think in its final form the story will be both interesting and useful.

Regards,
Rod.

(Ed.—We think Reporter Craib's letter itself makes a good story.)

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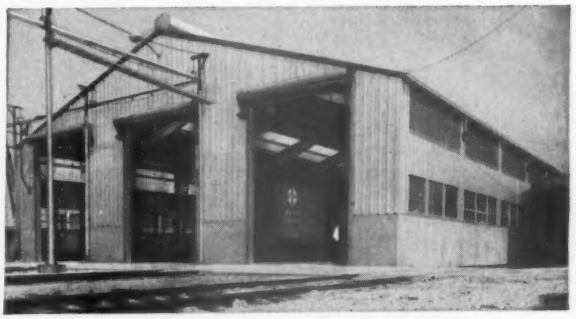

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The Action Page

It's Time to End This Inequity

It was generous of the citizens of San Francisco to build the handsome airport —memorialized as shown in the above picture. Most other big cities have been similarly generous to airlines.

Such impressive air terminals serve a city and its citizens in exactly the same way that a great railroad passenger terminal serves them. These installations, whether for rail or air service, are a convenience to travelers; and they add to the fame of the city they serve. Chicago Union Station, for instance, is certainly as much an asset and adornment to Chicago as Midway Airport is.

But there is one big difference between air terminals and railway terminals. The rail terminals are provided entirely at the expense of private investors—while the air terminals were built at public expense, or financed by tax-exempt securities. The air terminals are free from property taxes—while the rail terminals are fully taxed, like all other private property.

Municipalities are putting their rail service under a burdensome competitive handicap—when they lavish so much generosity on air terminals, meanwhile treating the railroads like Shylock tried to treat Antonio.

Governments, local and national, got into the airport business when airlines were struggling to get started—short of funds to provide their own terminals. But government has continued in the airport business long after air transportation has become one of America's large and thriving industries.

Because of the public's changing travel habits, much railroad passenger service is now even less profitable than air transportation was in its infancy. Yet America continues to need its rail passenger service, in peacetime and especially as a bulwark of defense. (In time of war travel demands zoom upward, while autos, planes and gasoline are in short supply—remember?)

No reason why there should be public support for air terminals and no concern for rail terminals—or why rail terminals should be taxed and air terminals tax-exempt. This inequity must be ended—in protection of the public's interest in continued dependable passenger service by the railroads.

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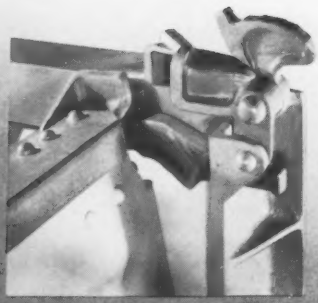

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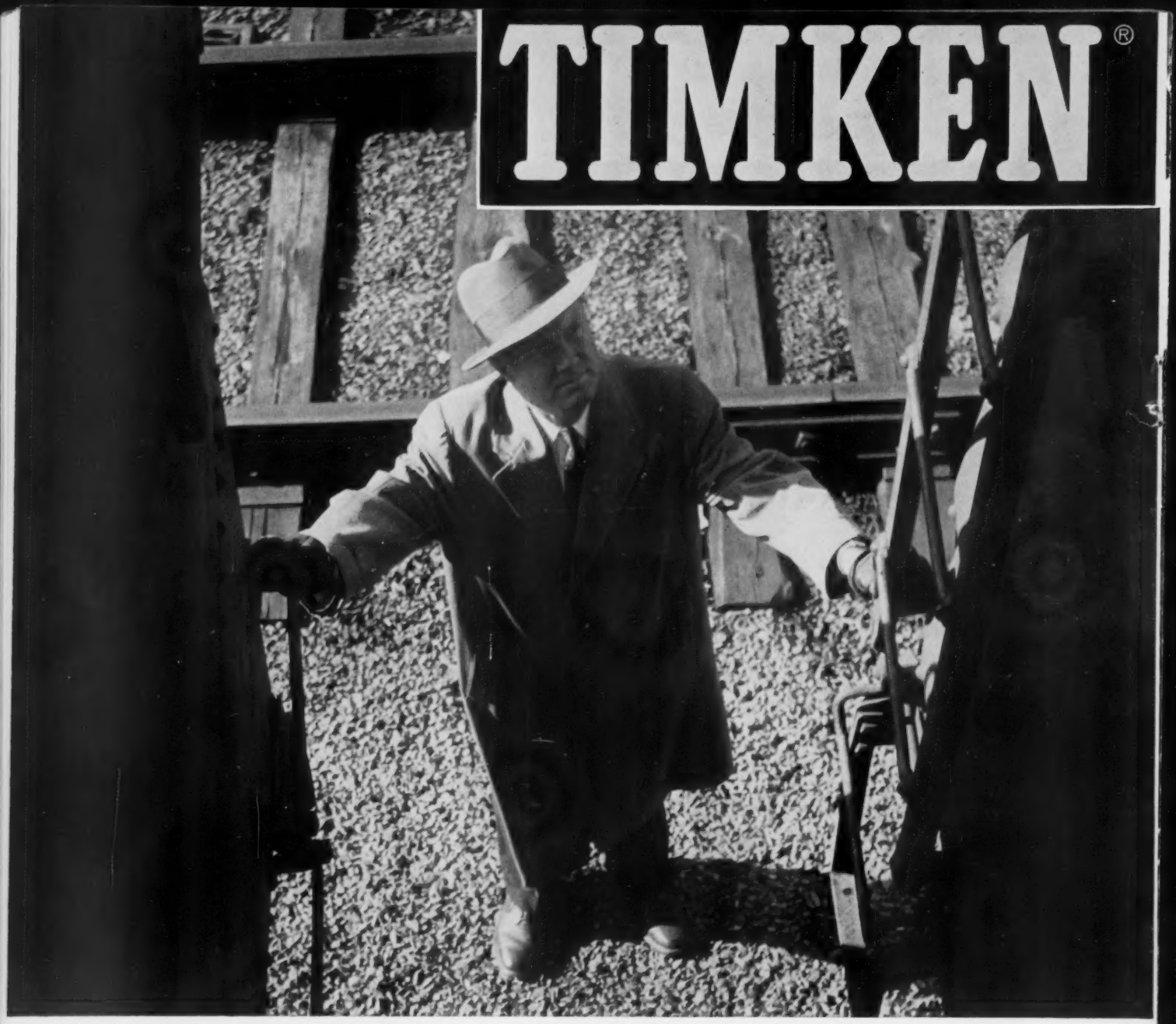

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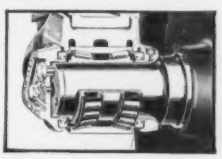
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